Featuring Pulp and Paper Securities

THIRD SECTION

THE FINANCIAL POST

THIRD SECTION

Vol. XXII | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, SEPTEMBER 28, 1928 | 10c. a Copy; $5.00 a Year | No. 39

Position of Newsprint Industry is Reviewed for Investors

Immediate Trend of Shares Dependent on Advertising Carried in Papers of U.S.

Immediate Market Outlook Speculative in View of Over Expansion — Fair Improvement in Demand Would Do Much to Better Situation — Stocks May Yet Sell a Little Lower

By MICHAEL SINCLAIR

During recent months, the holders of the newsprint stocks have been passing through depressing, but not unanticipated times. Now the shareholders of newsprint companies who have stood the market gaff for the past four or five months or who have bought into the industry since the decline in the shares are wondering what the immediate or ultimate future holds for these securities.

None can foretell with any degree of accuracy what the next six months holds marketwise for the newsprint stocks. In fact, it is not possible even to indicate on the premises available how the newsprint stocks will act during the next one or two years. But for a long pull, the industry is fundamentally sound.

Three predominant factors enter into any attempt to outline the pros and cons surrounding the newsprint securities. First, there is the basically sound position occupied by the industry; second, there is the present over expanded state in which the newsprint industry finds itself, and lastly there is the demand for the product.

That the investors may determine whether to buy, sell or hang on to newsprint holdings it is necessary to examine closely these three factors which combined, place the newsprint stocks in the speculative class. Of course, in any consideration of the bonds of the newsprint companies, it is obvious that these factors need not be considered as closely, for virtually all the newsprint companies have their financial houses in order. Some have redeemed their entire issues of senior securities the better to withstand the present lean years, whilst others are bonded only up to a conservative proportion of their total assets.

Easy to Paint Bright Picture

It is one of the easiest things in the world for any writer to paint in glowing terms the picture of the future of the industry. So true is this that The Financial Post has been criticized many times during the past twelve months for indicating that the situation surrounding the industry was not such as to warrant the absurd appreciation in most of the newsprint stocks which continued until May last. And whilst the ultimate future of the industry at the present time appears to be satisfactory, yet in this article it would perhaps be well to present first the less rosy aspects of the situation and then to conclude with a few thoughts on the basic position it occupies in a civilization which up to the present has steadily increased its demand for paper in general and newsprint in particular.

In a nutshell about all that can be said of the newsprint stocks is that ultimately they look like appreciating substantially—but there may be a little further depreciation before the upward trend again manifests itself. It is, however, only fair to say that some close observers of the industry feel that there has been too much pessimism by The Financial Post and that the time is fast approaching when the demand for newsprint will once again begin to creep up toward the ever increasing capacities of the newsprint mills on this continent. Whether this be true or not, is anyone's guess.

Might Easily Have Declined Sooner

The reason why newsprint stocks declined this year—and they might just as easily have declined twelve months earlier for the same reason—lay in the fact that newspaper advertising in the United States declined in 1927, whilst the industry continued to expand. No actual figures covering the definite amount of white space used by advertisers in the States are available, but according to the compilation of the New York Evening Post the agate lines of advertising in 107 newspapers in 23 chief cities declined 4.2 per cent. in 1927 as compared with 1926. In 1928 there has been some increase in the amount of advertising space used.

But the consumption of newsprint has increased but little this year, for the size of a newspaper depends on the volume of advertising which it carries. And the amount of advertising this year has been such as to increase the demand only marginally.

The market for the output of the Canadian newsprint mills is virtually confined to the United States. The Canadian consumption of newsprint of course is but a drop in the bucket as compared with the total production of the mills here. Some Canadian newsprint of course, goes overseas and is sold on the continent and in the antipodes, but on overseas sales the companies have to absorb heavy freight charges to compete with the producers located in, or close to overseas markets. In other words, the overseas business to a degree is used, to augment the scale of operations maintained at the mills.

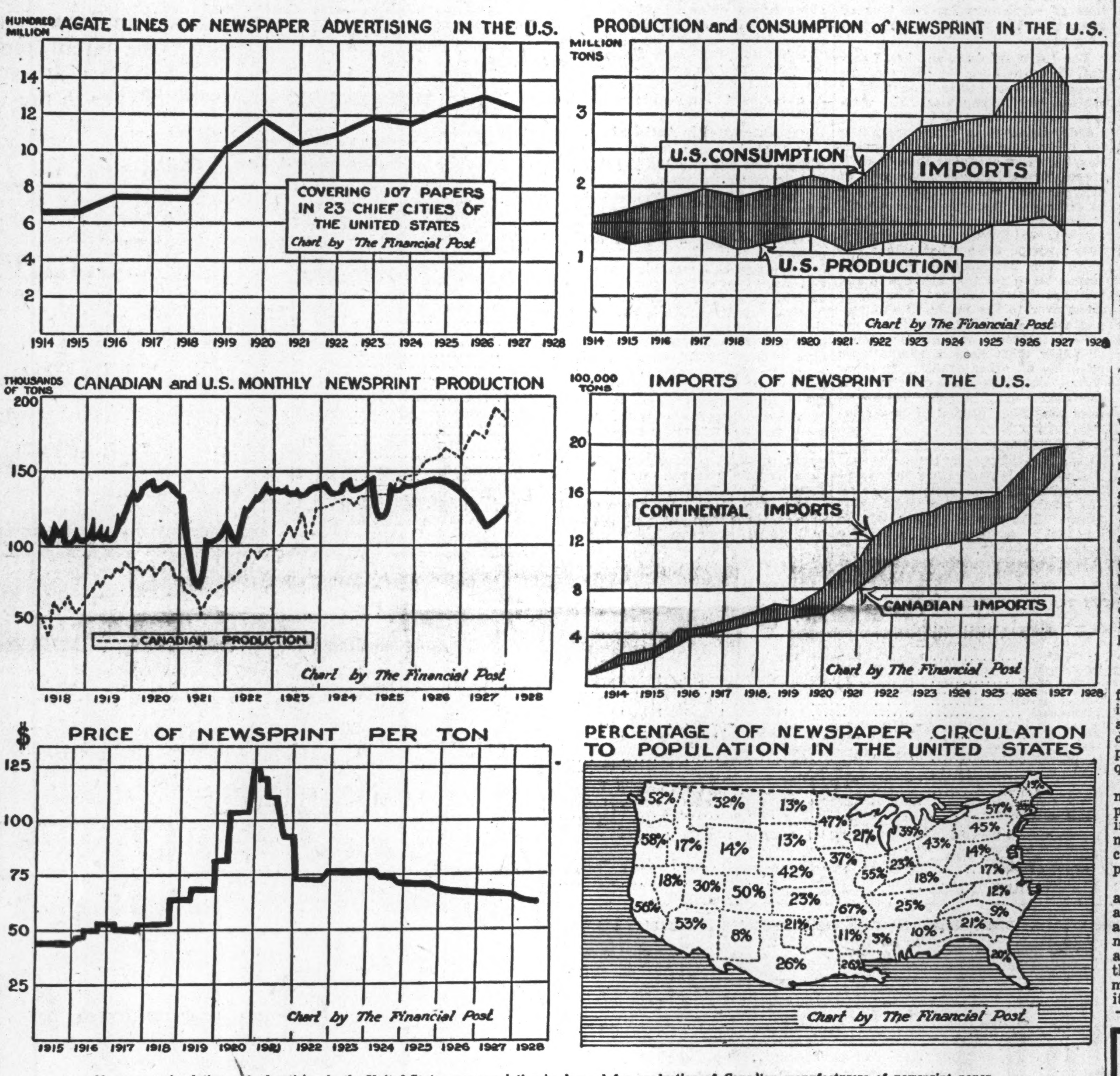
Depends Largely on Space Buyers

The United States market is the adjacent and logical market for the Canadian producers as there they have the advantage over other newsprint producers located in other lands due to the lower transportation costs to the great paper consuming centres of the States.

Hence, in the last analysis the factor which makes for prosperity or for hesitancy in the Canadian newsprint industry is the amount of space used by United States advertisers. Newsprint enters the United States duty free and is likely to continue to do so while the newspaper publishers have any effect on the creation of public opinion in the United States.

For a living, then, the Canadian newsprint operators depend on advertisers in the States who in turn vary their advertising appropriations in accordance with general business conditions there. During the past few years business conditions have been spotty in the States, hence the consumption of newsprint has not mounted as in former years. In fact, actual consumption in the United States in 1927 probably declined fractionally from the figures of the preceding year. Consumption figures are not available but consumption and production follow one another very closely because the mills can only store a day or two's production. A mill producing 400 tons of newsprint daily would soon find itself at the bottom of the gigantic newsprint pyramid if it endeavored to store more than a day or two's output.

Charts Illustrate Factors of Demand for Newsprint



Newspaper circulation and advertising in the United States cause variation in demand for production of Canadian manufacturers of newsprint paper.

Dependent on Business Conditions

The outlook, then, for the Canadian newsprint industry must virtually be identical with the outlook for general business conditions in the United States. Business in the States at the present time is only fair. The outlook for improving business conditions in 1929 is fairly satisfactory. Presuming a large expansion in business in the States within the next few years, it may be doubted that the consumption of newsprint will continue the amazing growth experienced in the past. For the twenty years preceding 1925, newsprint consumption showed a wonderful average annual increase. The consumption on an average went up by between 6 and 7 per cent. each year. Pessimists on the outlook for the newsprint industry feel that the consumption of newsprint is pretty well reaching its saturation point—but this is a pessimistic view not borne out by facts or agreed to by those with a knowledge of newspaper publishing.

In addition to the advertising lineage, another factor enters into the demand for newsprint. This is the circulation of the daily papers in the United States. The accompanying charts covering the newsprint industry show the per capita percentage of newspaper circulations to the population in the various states of the Union. It can be seen that there is room for further expansion by the dailies.

But Industry Continued Expansion

At a time when newspaper advertising in the United States was not increasing, the industry in Canada kept on steadily expanding. To-day, the rated capacities of the mills on this continent is about 25 per cent. in excess of the demand for newsprint paper—and still new machines are being brought in. The projected new tonnage amounts to about 8 per cent. of the rated capacity of the North American mills. However, while most of this oncoming tonnage is scheduled to be completed in 1929, yet much of it will not make itself felt on the market for newsprint paper until 1930, 1931 or 1932.

Basically, the reason for the speculative element surrounding the newsprint stocks lies in this over expansion of the industry which has continued despite the fact that for the past two years newsprint men realized that the expansion was a development which would hamper the progress of the industry as a whole. As the accompanying price chart reveals, the over expansion of the industry has already resulted in price declines.

This brings up the whole question of the merits of buying or selling newsprint stocks at the moment. And to the question no definite answer can be given.

If newsprint prices should decline further, there can be no doubt that the newsprint stocks would decline before they resume an upward trend. It may well be that the law of supply and demand will result in further price declines even though at present prices the mills are not obtaining a satisfactory profit.

Would Eliminate Lower Prices

On the other hand, any real betterment in the demand for newsprint paper would tend to eliminate the possibility of further price cuts. Hence, it may well be that newsprint stocks may never sell below their present figure. Those with a good knowledge of the industry feel, though, that the shares can probably be picked up a little cheaper at a later date. The other newsprint charts merely indicate that the ultimate future of the industry is of the best. The pulpwood resources of Eastern Canada will hardly permit much more large scale developments. At least, certainly not developments of the magnitude which the past ten years has witnessed. The depletion of the forest assets of the United States is another factor which betters the long term outlook for the newsprint shares.

The United States consumption of newsprint has steadily increased over a term of years, but the United States production shows in reality but little change from the 1913 or 1914 figures. The requirements of that country have been met by large increases in the imports. And these imports have very largely come from Canada. Each year some newsprint from Europe is sold on the New York market. But in amount these imports from overseas are in no way comparable to the imports from Canada, as the chart on the United States imports of newsprint clearly shows. Moreover, the chart shows that while imports from Canada have expanded by leaps and bounds since 1914, yet there

(Continued on page 23)

Pulp and Paper Uses One Third of Power Developed in Canada

Power Plays Large Part in Paper Industry — But Paper Plays Even Greater Part in Power Industry

It was not due only to cheap wood that the pulp and paper industry has expanded so rapidly in recent years, but due to the happy circumstance of combined low wood costs and cheap power. Without the abundant power resources of the Dominion, the pulp and paper industry would never have attained its present standing.

Power plays a large part in the paper industry, but paper plays an even greater part in the power industry. Of the total horsepower generated in the Dominion, at least 26 per cent. is utilized in the paper industry. It is the sale of large blocks of power to the paper industry which has largely permitted the power industry to make the strides which it has exhibited during the past ten or twelve years.

Uses Almost 30 Per Cent.

The latest official figures on the amount of power used in the paper industry were issued at the close of 1927 and are as follows:

	Horsepower
Total installation in the Dominion at end of 1927	4,777,921
Installed in pulp and paper mills	528,731
Purch. en bloc by paper industry	774,000
Totl. used in pulp and paper mills	1,302,731

The foregoing figures are conservative. Since the beginning of the present year, many new installations have been added to the installed capacities of the power plants at the various paper mills. Then again, other mills which have come into production this year, or additional machines which have been added to the capacities of the mills, have increased the demand from the power companies for large blocks of power to a large extent. At present perhaps over 30 per cent. of the total power developed in the Dominion is used in the pulp and paper industry.

Secondary Demand Too

Then there is a secondary demand for power due to the pulp and paper industry. Employees of the mills and all those with a livelihood which depends even in a measure on the paper industry all use material quantities of power.

If the value of an industry to a nation be measured wholly by its power consumption, then the paper industry is worth more to the Dominion than all its other industries combined. But such a basis of comparison is obviously unfair.

However, the fact that the pulp and paper industry is by far and away the largest industry in Canada, pays more in wages, receives more for its output, exports more and finally uses far more power than any other industry in the Dominion means that for her prosperity the Dominion is very largely dependent on the forest industries.

Canada's total installation of 4,777,921 h.p. is divided between the three main headings of central electric stations, pulp and paper mills and other industries as follows:

3,904,678 h.p. or 81.7 per cent. of the total is installed in central electric stations for general distribution for domestic, municipal and commercial lighting and power purposes.

528,731 or 11.1 per cent. is installed in the power plants of pulp and paper mills. In addition the pulp and paper industry purchases some 774,000 h.p. from the hydro-central electric stations.

344,512 h.p. or 7.2 per cent. of the total is installed for other industrial use such as driving saw, grist and grinding mills, machine shops, pumping plants, electric reduction plants, etc.

Depending on Power

Pulp and paper manufacturing is one of the foremost Canadian industries with a record of prosperity, the result of two natural advantages of almost equal moment, namely, an abundant supply of growing pulpwood and low priced and easily accessible motive power in large quantities. The importance of low priced power lies in the fact that it takes practically 100 h.p. to produce one ton of newsprint per day, while any surplus of available electric energy can be readily converted into steam, for heating or process cooking, in electric steam generators. It is not surprising, therefore, that motive power used in this industry is almost altogether restricted to hydraulic energy and that Canada's premier advantage and position in the pulp and paper field rests on adequate and abundant water power well distributed among extensive forest reserves.

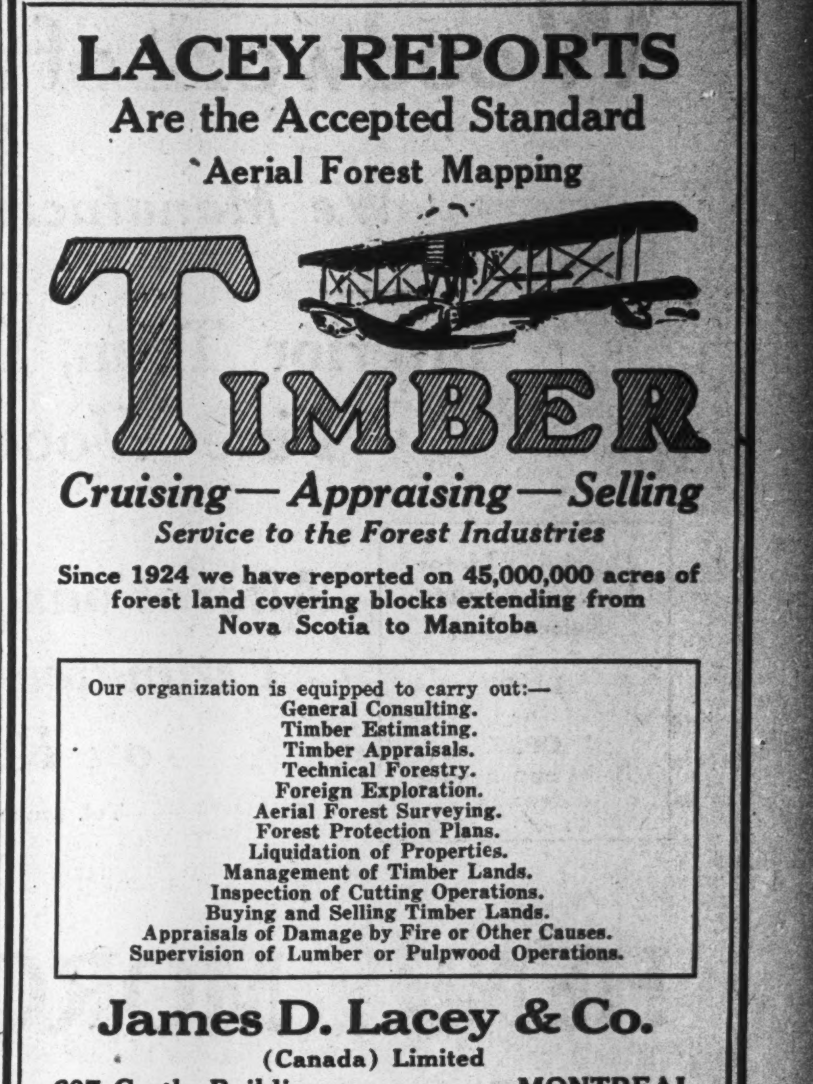
Important in Many Ways

The electric drive is an important consideration in the industry, providing the uniform speed which assures a high quality product and permitting the establishment of the mill at the place most suitable from the viewpoint of operation and shipment of product. It also permits the centralized operation of large mills receiving power from several hydro-electric sources. Almost half of the total hydraulic installation of the pulp and paper mills is connected to electric generators; the remainder of the installations are direct hydraulic drive.

Provinces Are Compared

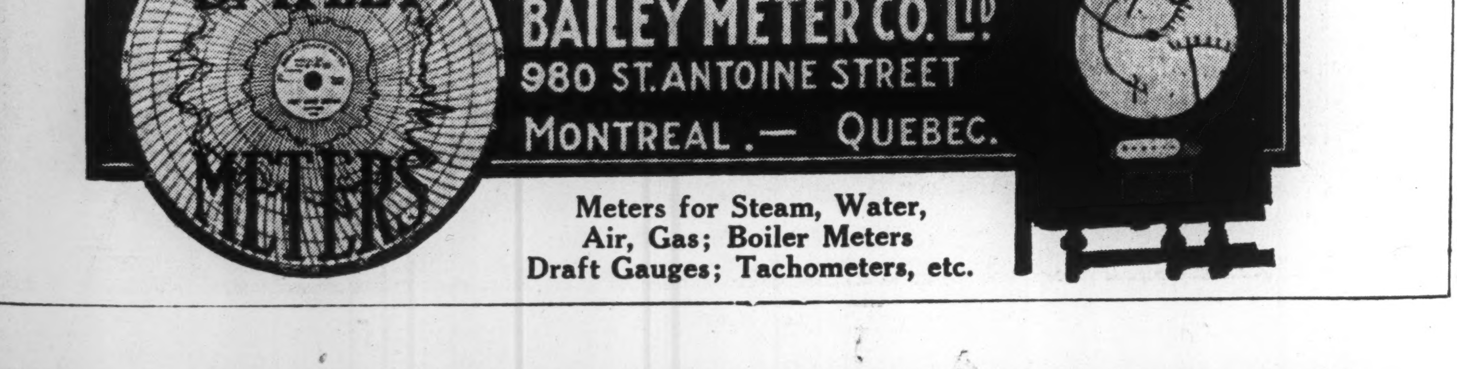
The following table compares the power requirements of the industry in each of the provinces:

Province	Total Installations in Mills	Purchased Hydro-Electric Power	Total Hydro-Power used in the Industry
British Columbia	80,500	1,362	81,862
Manitoba	......	28,000	28,000
Ontario	174,548	175,737	350,285
Quebec	244,044	561,855	805,899
New Brunswick	13,003	1,369	14,372
Nova Scotia ...	16,636	5,918	22,554
Canada	528,731	774,241	1,302,972


LACEY REPORTS
Are the Accepted Standard
Aerial Forest Mapping
TIMBER
Cruising — Appraising — Selling
Service to the Forest Industries
Since 1924 we have reported on 45,000,000 acres of forest land covering blocks extending from Nova Scotia to Manitoba

Our organization is equipped to carry out:—
General Consulting.
Timber Estimating.
Timber Appraisals.
Technical Forestry.
Foreign Exploration.
Aerial Forest Surveying.
Forest Protection Plans.
Liquidation of Properties.
Management of Timber Lands.
Inspection of Cutting Operations.
Buying and Selling Timber Lands.
Appraisals of Damage by Fire or Other Causes.
Supervision of Lumber or Pulpwood Operations.

James D. Lacey & Co.
(Canada) Limited
607 Castle Building MONTREAL
Western Office—Vancouver Block, Vancouver, B.C.
U.S. Offices:
Chicago, Seattle, New York, New Orleans, Jacksonville.


COMPLETE METERING EQUIPMENT
BAILEY METERS
BAILEY METER CO. LTD.
980 ST. ANTOINE STREET
MONTREAL. — QUEBEC.
Meters for Steam, Water, Air, Gas; Boiler Meters
Draft Gauges; Tachometers, etc.

Fraser Companies

Is Completing Expansion Program Doubling Capacity of Plants — Profits Should Mount In 1929

On rumors of a merger, the shares of the Fraser Companies at the end of April this year rose to levels apparently quite out of line with the earning power of the company. Ultimately, Fraser may figure in a merger; it has tremendous timber assets which no doubt an expanding company, such as International Paper, would delight to obtain, provided it could purchase the property at a reasonable figure.

Since their high of April, the shares have declined and are now more in line with the earning power basis, or rather the potential earning power basis of the company. The Fraser Companies is just completing large expansions which will almost double its earning power. It is impossible to obtain information on just how much the Fraser Companies is earning on its common stock. But it is in 1929 that the company will reap the full benefit from its expansion program when, provided the market for pulp and paper commodities does not decline overmuch, earnings from the property should increase very materially.

Does Not Make News

The Fraser Companies is not a newsprint manufacturer and in consequence has not suffered through the falling off in the demand for its product to the extent of the newsprint producers.

But any situation existing in any one section of the industry—particularly such an important section as the newsprint market—has a sympathetic effect on the market for virtually all other grades of pulp and paper. Hence, the over expansion of the newsprint industry with the consequent decline in prices has affected the market for sulphite paper and sulphite pulp to which lines the Fraser Companies' output is largely confined.

Markets Have Been Weak

Markets for fine paper in the States and for sulphite pulp have been weak during the past year or more—and there is little hope for any immediate improvement in the situation. Nevertheless, the Fraser Companies has made money and probably will continue in the future its record of past successes.

The company was founded in 1877. It is now one of the largest Canadian manufacturers of bleached and easy bleaching sulphite pulp and through its wholly owned subsidiary, the Fraser Paper, Limited, is an important producer of high grade sulphite paper in the United States. The company is also one of the largest manufacturers in eastern Canada of spruce lumber and controls directly, and through a wholly owned subsidiary, ver 4,500 square miles of leasehold and freehold timber lands in the provinces of Quebec and New Brunswick.

Production Mounting

During the past year, the Fraser Companies have increased the output of their Edmundston mill by 21,000 tons of high grade board, 24,000 tons of groundwood pulp, 15,000 tons of bleached sulphite pulp, and 12,000 tons of unbleached sulphite pulp per annum. In the Madawaska mill in Maine, production has been increased by 66,000 tons per annum of high grade paper and board products.

Capacity of Three Plants

The chief mill of the organization is located at Edmundston, N.B. Here the company has developed a hydro electric site of 2,000 horsepower installed capacity. Power for the operation of additional units just being completed will be obtained from the company's own transmission lines to Grand Falls, N.B., under a long term contract with the Saint John River Power. At Chatham, N.B., the company owns and operates an unbleached sulphite pulp mill of 18,000 tons annual capacity.

The Madawaska, Maine, mill is situated just across the Saint John River from the Edmundston mill. This plant produces high grade paper from sulphite pulp, which is pumped through a pipe line from the Edmundston mill.

The capacities of the company's three plants are now as follows:

	Tons Per Annum
Edmundston, N. B.	
High-grade bleached sulphite pulp	60,000
Unbleached sulphite pulp	12,000
Paper board	21,000
Groundwood pulp	24,000
Chatham, N.B.:	
Unbleached sulphite pulp	18,000
Madawaska, Me.:	
High-grade sulphite papers	51,000
High-grade board	39,000
	225,000

About 430 Tons Daily

While the total capacities of the plants amount to 225,000 tons per annum, the production of pulp and paper and paper board products for sale amounts to about 130,000 tons per annum, or some 430 tons daily.

The Fraser Companies timber limits are estimated to contain over 11,300,000 cords of pulpwood and over four thousand million feet board measure of saw lumber. The company is a large lumber producer. It owns and operates 13 saw mills located in eastern Quebec and New Brunswick.

In addition, through the ownership of the Restigouche Company, the Fraser Cmpanies control additional saw mills with an annual manufacturing capacity of some seventy thousand million feet, board measure, of lumber and a large production of laths, cedar shingles and railway ties. The Restigouche Company is reviewed separately in this issue, as its bond issue is held publicly.

Speculative Feature

From the foregoing, it can be seen that the Fraser Companies undoubtedly has very large assets from which, with its latest expansions, it appears to stand every chance of obtaining substantially increased profits. The speculative feature of the shares, of course, lies in the fact that pulp and paper markets in the States are weak and likely to remain so for some time to come. And it is the United States markets for fine paper and for pulp on which the company relies for earnings.

Machines at Capacity

The Fraser Companies' four high grade paper machines in the Madawaska, Maine, mill are operating at capacity. The new board machine at the Edmunston mill is also operating at capacity. These machines came into operation recently. A catalogue paper machine is expected to be in operation by October and the new paperboard machine at the Madawaska mill—the largest machine in the world—will also be in operation.

There has been some improvement this year in the lumber situation. As the Fraser Companies together with the subsidiary, the Restigouche Company, are the largest lumber producers in Eastern Canada, the betterment in the situation surrounding this department of the company's activities should be reflected in its earnings.

Capitalization—	Authorized	Issued
Common (n.p.v.)	381,750 shs.	369,750 shs.

In October, 1927, par value of common stock was reduced from $100 to no par value, and 12,000 additional common, no par value, shares authorized.

In November, 1927, the outstanding $2,325,000 convertible preferred stock was exchanged for no par value common shares on the basis of 3 common for each preferred.

Funded Debt—

6% first mortgage sinking fund bonds, series "A," due 1950; outstanding $7,513,500.

6½% coupon debentures, due 1942; outstanding $5,000,000.

Dividend Record—

Preferred—(old stock): 7% per annum paid quarterly from Jan., 1925 to Jan., 1928.

Common—(old stock): 2% per annum, paid quarterly from April, 1926.

Common—(new stock): Initial dividend of 25c. per share, paid April, 1928.

Officers and Directors—

Archibald Fraser, pres., Edmundston; Donald Fraser, vice-pres., Plaster Rock, N.B.; A. W. Brebner, treas.; W. Matheson, sec., Edmundston; Geo. H. Mead, Dayton, Ohio; Thomas Matheson, Estcourt, Que.; W. C. Pitfield, Montreal; J. H. Price, Quebec, P.Q.; Donald A. Fraser, Edmundston.

INCOME AND SURPLUS ACCOUNT
Years Ending Dec. 31

	1927 $	1926 $	1925 $
Net earnings*	1,672,954	1.561,825	1,133,070
Less: bond int.	379,838	363,000	223,309
Other int.	185,461	148,987	150,512
Depreciation	314,206	291,698	224,067
Depletion	116,013	147,728	146,654
Net profits	677.436	610,412	388,528
Less Appropriations:			
Pref. div.	162,750	157,349	109,868
Com. div.	200,000	200,000	......
Invest. dep.	......	......	......
Dis. on secs.	83,492	84,500	123,000
Surp. for year	231,194	168,563	155,660
Add prev. surp	1,350,971	1,182,409	†1,026,748
Bal. carr. for.	1,582,165	1,350,972	1,182,408
Times Int. Earn.	4.44	4.30	5.07
Dividend Record and Earnings on Capital Stock—			
Pref., Earned	$29.13	$26.25	$19.92
Paid	7%	7%	5¼%
Com., Earned	$5.14	$4.53	$2.78
Paid	2%	2%	....

*After taxes and provision for bad debts.
†Less premium and discount on bonds redeemed, $241,530.

Market Record—

	x1928 H	x1928 L	1927 H	1927 L	1926 H	1926 L
Common	93	47	141	96	..	..

x To Sept. 11.

Brown Corporation

The Brown Corporation owns and operates a sulphite mill at Lachute, P.Q. The mill produces 240 tons of sulphate and in addition manufactures craft and chemicals. In the past, there was an investment interest in the Canadian corporation which is a subsidiary of the Brown Company of the United States, but within recent months the preferred stock issue of the Canadian subsidiary to which investment interest was confined was called.

Later, the Brown Company, the parent organization in the United States, made a $10,000,000 bond issue, some of which was sold to Canadian investors. The United States company occupies a sound position and the bonds are well secured both as to assets and as to earnings.

Capitalization—	Authorized	Outstanding
Common ($100 par)	$20,000,000	$10,500,000
Pref. 7% red., ... ($100 par).	5,000,000	1,731,000

Entire stock owned by Brown Co.

Funded Debt—

None.

Dividend Record—

Preferred—7% per annum, paid quarterly.

Common—3¼% paid in 1926, none since.

Officers and Directors—

H. J. Brown, pres., Portland, Me.; O. B. Brown, treas.; W. R. Brown, D. P. Brown, Berlin, N.H.

Wayagamack Pulp

Diversification of Output Adds to Merit of Shares—Must be Affected by Current Conditions—Demand for Kraft Grows

The Wayagamack Pulp and Paper Company occupies a somewhat different position to that of the newsprint companies for only a portion of its profits comes from the production of newsprint. The daily capacity of its mills is as follows: 120 tons of sulphate pulp, 200 tons of newsprint, 120 tons of kraft wrapping paper.

Due to its sulphate and kraft output, the outlook for the future of the company seems better than that of the newsprint companies. The markets for sulphate and kraft are decidedly better than those prevailing for other pulp and paper commodities, but in an endeavor to assess the speculative or investment merits of Wayagamack shares, it is necessary to remember that there seems little probability of the kraft or sulphate markets exhibiting great strength over a period when other papers and pulps are declining in price, the reason being not that other pulp and paper producers can turn their equipment over to the production of sulphate and wrapping, but that a decline in price of any grade of pulp or paper must have a sympathetic effect on all other grades. In other words, declining prices mean that the buyer will, in some instances, purchase other grades of paper instead of kraft.

A more bullish factor in the company's operations is the fact that last year, it is understood that earnings were reported without showing any profits from its newsprint operations. The newsprint is produced by Wayagamack News, a wholly owned subsidiary.

Wayagamack is owned and administered by the same interests which own and operate the Wabasso Cotton Company at Three Rivers. The record of both these Three Rivers organizations adds to the investment esteem in which they are held.

Wayagamack's plant is located at Three Rivers on an island where the St. Maurice river joins the St. Lawrence. Thus, it has the advantage of being able to ship to all ports of the world from its own docks, and at the same time, to be able to obtain its pulpwood at low cost from the St. Maurice River.

Interested in Anticosti

In 1924, in conjunction with Port Alfred and the St. Maurice Valley Corporation, Wayagamack purchased the Island of Anticosti and now owns one-third of the common shares of the Anticosti Corporation, from which it obtains a portion of its pulpwood.

Wayagamack's wrapping paper is shipped all over the world. About half of its output of paper goes to foreign countries. It is understood that foreign markets for kraft have been fairly satisfactory. The surplus production of sulphate pulp, over the requirements of its own kraft paper mill, is shipped largely to the United States, where it enters duty free. There is a United States tariff against wrapping paper. For this reason, Wayagamack's wrapping paper markets are farther removed than its pulp markets. As Wayagamack's domestic and foreign markets widen, it will use more of its own sulphate pulp in its kraft paper mill. The company purchases its power supply en bloc. The record of the mill has been one of steady growth from a daily capacity of 50 tons in 1913, to its present production.

Newsprint Activities

Due to the newsprint situation, Wayagamack may not be making much on its subsidiary newsprint undertaking—but its newsprint mill is a large asset which has a bearing on the market value of the shares. In view of the situation surrounding the newsprint industry, also, it may be some time before Wayagamack, like the other newsprint companies, makes much money from its newsprint plant.

In any event, it is said that Wayagamack is a low cost newsprint producer, and a $44 a ton figure has been quoted as the actual cost to the company of making a ton of newsprint. If this figure represents Wayagamack's cost, it is obvious that even under present conditions its wholly-owned subsidiary newsprint company is at least making profits sufficient to build up its own financial position.

The company occupies a remarkably strong liquid position, for earlier this year it offered rights to the shareholders. The proceeds of this financing netted Wayagamack almost $2,000,000. The company has $1,500,000 of short term bonds coming due in January, 1930, and doubtless the financing which so strengthened Wayagamack's cash position will be used at that date to retire the issue. In the meantime, the company obtained the money at an exceedingly low rate of interest. The final payment on these rights to shareholders falls due December 1. It is possible that when the last payment has been made, the company might consider the immediate retirement of the 1930 bond issue, but the calling of these bonds is deemed most unlikely.

Undoubtedly, due to the diversification of its production, Wayagamack is one of the most interesting long hold stocks in the paper field, but it, too, must obviously be affected marketwise by current conditions in the industry as a whole. And to obtain a proper picture of the outlook for Wayagamack shares it is necessary to take into consideration both the strength of the company's position and also the weakness of the present pulp and paper situation.

Wayagamack is finding a growing demand for its output of kraft paper, which is now finding many new uses. Earnings from this department are understood to be showing a substantial growth which it is expected will be continued. Kraft is now being put to such uses as the manufacture of bags for cement. This development alone, it is said, has increased materially the demand for Wayagamack's output.

WAYAGAMACK PULP & PAPER

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	250,000 shs.	100,000 shs.

Common stock par value changed from $100 to no par value in 1926, on basis of 2 new shares for one old.

Funded Debt—

6% first mortgage sinking fund bonds, due 1951; outstanding, $4,156,400.

6½% general mortgage and collateral trust bonds, due 1930; outstanding $1,000,000.

Dividend Record—

$3.00 per share per annum, initial dividend paid Jan., 1927, and quarterly since. On old shares, $100 par, 1% paid Mar. and June, 1920; 1½% Sept., 1920, and quarterly to June, 1921; none thereafter.

Officers and Directors—

C. R. Whitehead, pres. and gen. mgr., Three Rivers, Que.; J. W. Pyke, vice-pres.; George Henderson, compt.; D. L. Adams, sec.-treas.; F. I. Ritchie, mgr.; R. Collins, gen. supt., Montreal; Hugh Mackay, K.C., G. H. Duggan, N. J. Dawes, Montreal; Alexander McLaren, Buckingham, Que.; J. F. Taylor, London, Eng.

Market Record—	High	Low
1916	112¼	27
1917	97	50
1918	90	45
1919	90	50
1920	150¼	71
1921	89	27
1922	65½	34
1923	61¼	32
1924	46	32
1925	75	34½
1926	118¾	56
New—		
1926	57¾	52
1927	123½	46¼
1928 (to Sept. 11)	127¼	61

Production—

Daily capacity of mills: groundwood pulp, 150 tons; sulphate pulp, 240 tons; newsprint, 20 tons; kraft wrapping paper, 120 tons. Timber limits comprise 2,056 sq. m.

INCOME AND SURPLUS ACCOUNT, YEARS ENDING NOVEMBER 30

	1927 $	1926 $	1925 $	1924 $	1923 $	1922 $
Net Earnings †	1,420,463	1,350,266	1,189,268	677,509	893,496	372,030
Other Income	......	500,000	......	......	......	......
Total	1,420,463	1,850,266	1,189,268	677,509	893,496	372,030
Less: Bond Interest	397,500	397,500	336,811	300,000	300,000	260,855
Depreciation	160,000	160,000	160,000	160,000	160,000	160,000
Depletion	135,320	136,784	......	......	......	......
Bond Interest	......	......	20,000	10,000	10,000	10,000
Stumpage	......	......	111,542	118,495	217,140	50,068
Net Profits	727,643	1,155,982	560,915	89,014	206,356	*108,893
Less Appropriations:						
Dividends	375,000	......	......	......	......	......
Reserves	......	500,000	......	......	......	......
Surplus for Year	352,643	655,982	560,915	89,014	206,356	*108,893
Add Previous Surplus	2,637,946	1,981,964	1,197,292	1,108,278	901,922	1,010,815
Add from Reserve	......	......	233,757	......	......	......
Balance Carried Forward	2,990,589	2,637,946	1,981,964	1,197,292	1,108,278	901,922
Earnings on Capital Stock—						
Common Earned	$7.27	13.11%	11.22%	1.78%	4.13%	....
Paid	$3.75	75c.§	....	....	....	....

† Less Income Tax. * Loss.
§ Initial quarterly dividend on no par value stock.

Brown Corporation
(A Canadian Corporation)

THE holdings of this corporation comprise a pulp-making plant with a daily capacity of 240 tons of sulphate pulp, and chemical works for utilization of all waste, representing a cash investment of $15,000,000.

Water-power (developed and undeveloped), 140,000 h.p. The corporation's timber lands comprise approximately:

1,000,000 acres in fee simple.
2,300,000 acres in timber leases.
160,000 acres in stumpage.

With an estimated total of over 13,000,000 cords of pulpwood, the corporation *has practically an unlimited supply of raw material.*

The Brown Corporation markets most of its tonnage to the parent company, Brown Company, Portland, Maine, the largest manufacturer of Bleached Sulphite and Kraft Paper in the United States.

— Capital —
Common - $10,500,000

Principal Offices:
71 St. Peter Street - - QUEBEC, P.Q.
Mills at LA TUQUE, P.Q.
Sales Office: 509 New Birks Bldg., Montreal, P.Q.

Woodwork of all Descriptions
We Manufacture and Install
Interior Trim, Office Partitions
Fine Wood Panelling

Dominion Motor Car. Co. Limited
Relacquering in DUCO or OPEX
Body and Fender Repairs

Alterations and Repairs
Estimates Submitted on Request
Tel. Lancaster 4121

OTHER THINGS WE DO
Plumbing
Electrical Installations
Rug Washing
Furniture Repairs

HENRY MORGAN & CO., Limited
Factories—Beaver Hall Hill, Montreal

St. Regis
Paper Company
of Canada, Limited

Montreal, P.Q.

Immediate Trend of Shares Dependent on Advertising Carried in Papers of U.S.

(Continued from page 21)

has not even been a proportional increase in the volume of continental imports.

The chart showing Canadian and United States newsprint production over the past ten years illustrates how Canada has leaped into dominance in the industry. The expansion of the industry in this country is obviously based on the sound economic foundation of low cost wood and low operating costs. With the natural increase in the population, with the growing appetite of United States readers for papers, and with the lower operating costs of the Canadian mills which can compete with the world in the United States market, it is obvious that the long pull outlook for the whole industry is excellent. During this summer efforts have been made to bring the Canadian newsprint producers to some sort of understanding tending to eliminate the possibility of further price cuts. In one sense, the price depends on the Canadian producers, for the United States mills have very largely used up their timber limits and operate on a much higher cost basis than the Canadian plants. Moreover, about two thirds of the American mills have a newsprint capacity of less than 100 tons a day, whereas Canadian mills operate on a much larger quantity production basis. There is hardly a mill in Canada with an output of under 100 tons daily.

To a certain extent the industry in Eastern Canada competes with the West, but such competition is not a serious factor for the mills of B. C., through their location, serve most advantageously the Pacific coast, whereas the mills of Eastern Canada serve the central and eastern states.

Governments Will Frown

There is little room for further expansion in the industry in Nova Scotia and New Brunswick because limits such as would support a newsprint mill have largely been absorbed by the larger companies. It is felt that the governments of Ontario and Quebec will frown on further expansion in those two provinces which would tend to increase the crowding in an already overcrowded industry. In addition, the limits that are available in these two provinces are located very far northward and it seems that any expansion that may take place over the next five or six years will probably be undertaken by the present companies having already mills or timber holdings.

At the moment, the situation existing in the industry seems to be a little better than it has been during the past six months. While there is keen competition for business, it does not appear to be quite so keen as formerly.

The opinion now prevails that it will be impossible to get the various operators to an agreement touching prices, and that further expansion by the merger route may be anticipated. In other words, some of the larger producers such as International Paper, Abitibi, Canada Power and Paper may continue their expansion programs. Some of the smaller independent mills due to the existing situation now feel that a betterment for the industry as a whole lies in the control getting into a comparatively few hands.

Supply Exceeds the Demand

As far as can be seen, the immediate outlook,—that is, the outlook for the newsprint shares over the next few months,—corresponds to and is identical with the outlook for the maintenance of prices for newsprint. While a somewhat better tone prevails in the newsprint market just at the moment, nevertheless any investor must remember that with the sources of supply in excess of the demand there undoubtedly exists a possibility of further price cuts. But, just as soon as the demand shows signs of beginning to catch up with the capacities of the mills, the newsprint stocks will probably again appreciate.

It is, of course, impossible to pick the strategic moment just before the bettered trend makes its appearance. As has been said, the outlook for the business in the States is better and it is more than possible that the next six months may witness such a trend.

In view of the situation, investors having newsprint stocks would be wise to have invested in the industry only a sum with which they can afford to speculate. This applies, of course, largely to the common shares.

Depends on Advertising Business

As has been shown, the real basis of the newsprint industry is the advertising business in the United States, where advertising has been more developed than any other part of the world. There are reasons for believing that other countries will follow the advertising trend which has been so evident in the United States in the past ten or fifteen years.

Advertising first came into its own after 1917 when the rapidly increasing earnings of many United States companies allowed those organizations to extend very largely their advertising appropriations.

Also, during the past 25 years there has been a change in manufacturing trends. Formerly, the emphasis was placed on production, but to-day, technicists have solved most production problems and the difficulty now is not to obtain production, but to obtain distribution. And advertising is one of the best means of obtaining this end. Advertising as a salesman has proved itself. This is clearly indicated in the chart showing the advertising lineage used in the United States.

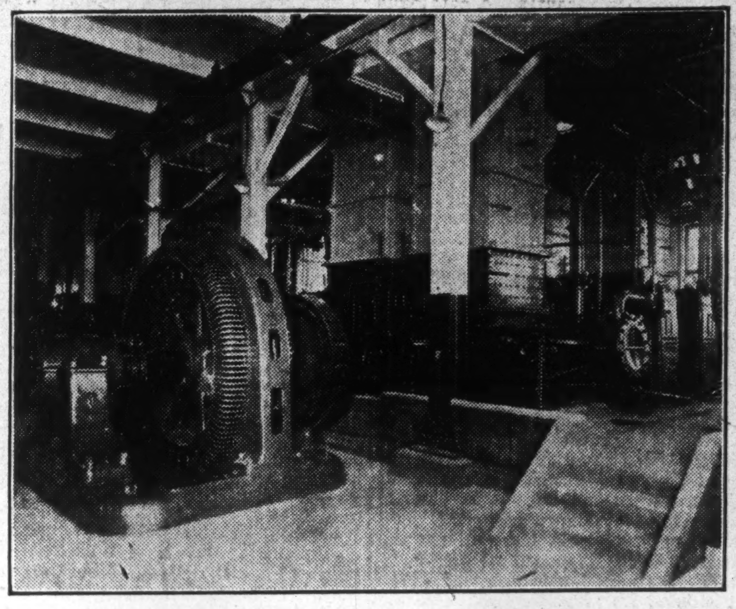
But Advertising Held Up Well

Even in the dark business year of 1921, advertising did not decline to its former levels.

The basis for the predominance of the Canadian industry lies in its lowered costs. Many of the United States mills by 1914 had reached the limit, or just about the limit, of their forest resources. In some instances, they only had sufficient wood to allow the continuous operation of their plants without further expansion. Moreover, it became more economic to install further machines in Canada, where logs could be cut adjacent to the mills, and there driven by water to the plants. To-day, many United States mills obtain their entire wood supply from Canada, where it is shipped by rail to the mills at a high cost.

Hence, United States mills have not been able to expand, and the increasing requirements of the United States dailies have been met virtually altogether by the Canadian mills. During the dull summer months of this year, the production in the United States declined more than proportionately to that of Canada, indicating that the United States mills found it more profitable to turn over their machines to other types of paper and allow the newsprint business to go to Canada.

Newsprint Industry Uses Much Power



—Photo by Canadian Comstock Company

Where a large part of Canada's hydro power is utilized. A 2400-h.p. motor driving two magazine grinders in a modern pulp mill. Fifteen similar machines operate daily in the Three Rivers mill of the International Paper.

Imports Have Never Declined

Past experience shows that business recessions or business upheavals, good business or bad business, war years or post war years, the imports of newprint from Canada have not declined. The accompanying charts reveal this clearly. There is little reason to doubt the maintenance of this trend in future years, although it may be not as large in the future as it has been in the past.

The newsprint companies all appear to be in excellent financial positions to withstand the present thin times prevailing in the industry. When newsprint prices first started to increase during the war, the companies were able to build themselves into a strong financial position. After the war, newsprint soared still higher and even touched at one time, $130 a ton. This was for small lots only. During that period, further strength was woven into the balance sheets of the companies. Large reserves were put away for less prosperous days. When the slump finally did come at the end of 1920, the mills were strongly entrenched and stood the shock well. As they stood the shock well at that time, no doubt they can stand the present thin times.

Since 1920, the price of newsprint has more or less steadily declined. It is still weak and changes hands now at something under $60 a ton, depending upon the individual mill.

During 1926, the operations at the mills were maintained at capacity and income accounts showed good results. During 1927, though, the scale of operations declined and consequently there were declining earnings. During the current year, the scale of operations at the mills has again fallen off so that earnings during 1928 will be probably lower than in 1927, though not so low as some pessimists anticipate.

The exact situation to-day in the newsprint industry may perhaps be summarized in the following comparison of unfavorable and favorable factors affecting the industry:

Canada has cheaper water power and more abundant wood supplies than the United States, and while the American newsprint industry has reached practically the limit of its raw materials, the Canadian newsprint industry has raw materials for greater progress and some greater expansion.

Operate on Lower Cost Basis

Canadian mills, on account of their natural advantages, can produce newsprint paper more cheaply than the average American mill and in competition for business, are able to win out for this reason. But in the competition, prices may decline further.

Canadian mills are more modern than the American mills and in fact, many of the American mills are obsolete and are now being converted into fine paper or power plants. This tends, at least, to relieve the over-production situation and to clear the market for Canadian newsprint.

The use of newsprint in Canada and the United States is, over a term of years, growing. The long trend is probably much more important than the temporary over-production situation which exists at the moment.

The usual seasonal increase in the demand may again take place this autumn and the mills, instead of operating at 80 per cent. of their capacity, may again operate on a larger scale.

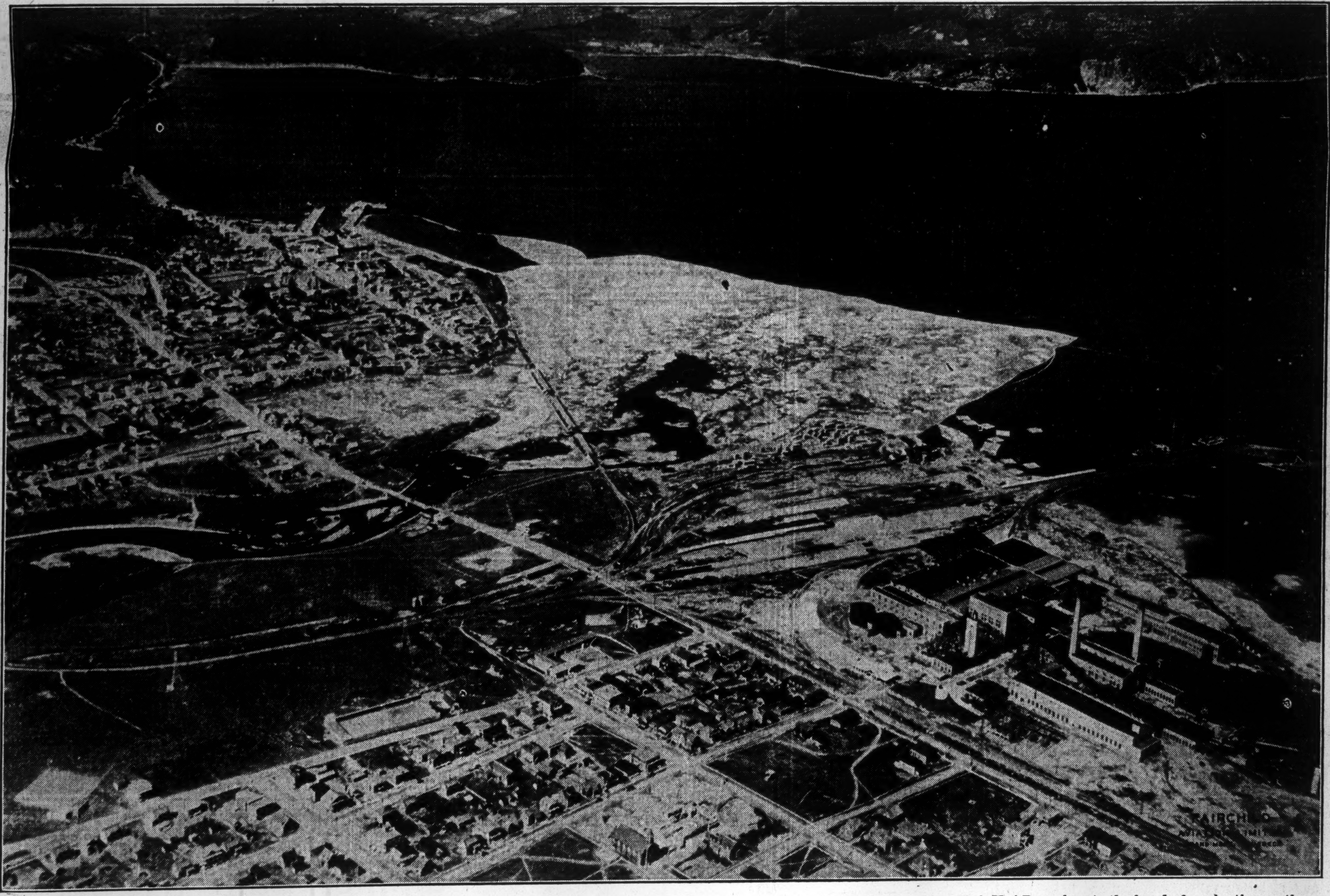
Curtailed Next Year Also?

The capacities of the mills on this continent are now between 20 to 25 per cent. in excess of the demand for the product. Thus, at present prices newsprint earnings will be curtailed this year and very probably next year. Moreover, large additions to the capacities of the mills are now under way or in project.

Newsprint prices may decline further.

Executives in the industry look for a period of one or two years' dull times in the industry. However, none look for any extreme depression. Any immediate unforeseen factor entering into the situation tending to increase the consumption of newsprint would better the situation surrounding the shares of the newsprint companies.

In a nutshell, then, newsprint stocks are at present out and out speculations. For a quick turn they are unattractive; for a three to five years' hold they have indeed many attractions, although even as a long hold, the investor must not lose sight of the fact that they are speculations.



The aerial photograph gives a graphic idea of the location and operating conditions at the mills of the corporation. In the background lies Ha! Ha! Bay, close to the head of navigation on the Saguenay River. Into the bay flows the Rivière à Mars, the source of a great proportion of the pulpwood requirements of the mill. The log boom can be seen at the mouth of the tributary river. From the boom the wood goes to the stacker and the wood pile located just to the right of the mill. It is not shown on the picture. Immediately behind the plant lies the town of Port Alfred, where are housed the operators. The corporation is steadily improving its townsite. Across the Rivière à Mars is Bagotville, one of the original townsites in the Saguenay area. Between the two towns can be discerned the high tension line connecting the mill with the Duke-Price Power plant and also the Roberval and Saguenay Railway which links the plant by rail to Montreal and Quebec. An ocean-going vessel is docked at the deep water docks. The corporation thus obtains the benefits of low cost transportation on its raw materials and on its finished products. Pulpwood from the island of Anticosti also brought direct to the docks.

The Port Alfred Pulp and Paper Corporation

Head Office: Canada Cement Building, Montreal

PAPER INDUSTRY FIRST PROTECTED FOREST ASSETS

Companies Undertake Reforestation — Need Pulpwood In Perpetuity

The paper industry is credited with being the first of any of the industries using wood to have adopted practical management of wood lands and a systematized program of forest protection. This is due no doubt to the fact that the paper industry, to an even greater degree than the lumber industry, is interested in the permanency of the forests. It is one of the most permanent of alll industries as to location of plant, and the maintenance of its supply of raw material.

Canada and Sweden are leaders of the world in the study of forestry. In Canada great strides have been made in the protection of the forests. The provincial governments have established corps of fire rangers who patrol the woods during the dry seasons on the lookout for incipient fires. Lookout stations equipped with telephones are established on commanding vantage points, and at the first sign of danger firefighters are despatched to extinguish the source of danger.

The government patrols are concerned chiefly with the protection of timber on Crown lands, the railway systems maintain patrols along the forests bordering their right of way, and the private companies have highly organized corps of men to see to the protection of their limits. The aeroplane patrol has been adopted by several as a means of protection.

Companies Do Work

While the results obtained by the fire patrols has been a source of considerable satisfaction, the education of the public to the necessity of the exercise of the utmost care in the lighting of campfires, and the danger of smoking in the forests, has been a contributing factor. Sceptics are also inclined to credit the decrease in a great many cases to the rainy seasons the country has experienced during the past few years.

In addition to fire protection work a great deal has been done in Canada in the work of reforesting burnt-over and cut-over areas. In Quebec the Donnacona Paper Company has planted 100,000 seedlings, mainly white spruce, some Norway spruce, and a few Scotch and white pine. The St. Lawrence Pulp and Paper Mills Company at St. Paulin has planted 150,000 seedlings, mainly white spruce, and some white and red pine.

The Laurentide Company, Grand'-Mère, has made extensive plantations of spruce, by far the most substantial in Canada.

In Ontario, the Abitibi Power and Paper Company, Limited, Iroquois Falls, have planted 453,500 seedlings, mainly spruce, with some Scotch and jack pine.

The Spanish River Pulp and Paper Mills, Sault Ste. Marie, 412,700 up to 1926, practically all white spruce.

The New Brunswick Forest Service station has a small nursery station, and a seed extraction plant at Fredericton, with a capacity of 2,500,000 seedlings and 175,000 transplants.

Ontario up to the beginning of this year planted 26,730,400 trees of 22 different species, eight of which were conifers. The highest proportion planted were all conifers, white pine, red pine, Scotch pine, jack pine, white spruce, and Norway spruce leading the list.

Price Brothers

One of the Outstanding Newsprint Stocks — Company Occupies Unique Position — Timber Resources are Gigantic

Price Bros. is regarded as a low cost producer due to the favorable location of its plants. Jointly with Port Alfred, about a year ago the company acquired control of the Quebec Pulp and Paper Corporation which is reviewed separately in this issue. The subsidiary is a groundwood producer and, due to the state of the mechanical pulp markets, will hardly provide much in the way of revenues to the parent companies for some time to come; but Price Bros. has thus been able to augment the extent of its timber reserves and the sources from which it can draw timber. While the hesitancy in the newsprint market has undoubtedly affected Price Bros. earnings, yet profits up to within recent weeks were being maintained at a level close to that of the preceding year.

In the Saguenay area the company operates two newsprint mills, a groundwood pulp mill and a board and paper specialty mill. The rated production of these plants is 775 tons daily.

Construction under way at the River Bend mill will increase the capacity of the newsprint mills by 200 tons daily by the end of the year.

Stock Is Very Interesting

The shares of Price Bros. & Company are undoubtedly one of the most interesting stocks in the newsprint industry. While in many ways Price Bros. occupies a unique position in the newsprint field, undoubtedly its shares cannot fail but to be affected marketwise like the rest of the newsprint stocks due to the over production of the industry.

The chief asset of the company is its large timber limits which are sufficient to supply timber to the mills for more than a hundred years, without making any allowance whatever for new growth. For many years the company has been steadily growing and its programme of expansion is still being continued.

The Kenogami Mill's rated capacity is 525 tons of newsprint, and the River Bend mill 200 tons of newsprint daily. The Jonquiere Mill produces 50 tons of pulpwood and cardboard specialties and the groundwood mill at Rimouski makes 30 tons of groundwood pulp daily.

Large Power Holdings

The company controls waterpowers with a potential capacity of 125,000 h.p., of which about half has been developed. In addition, it holds a minority interest in the Duke-Price Power Company. Earnings from the Duke-Price should increase substantially in the future. The pulpwood areas controlled by Price Brothers are estimated to contain at least 45,000,000 cords of pulpwood; they cover an area of 9,700 square miles in the Province of Quebec. The company has been established for 111 years and over 60 per cent. of its timber holdings are located in such close proximity to the mills as to make the pulpwood available by a one year's drive, as compared with the two year drives, and sometimes three year drives by other companies.

Interested in Aluminum

Price Brothers and Company also has a large interest in the aluminum developments on the Saguenay River, for at the time the Duke-Price Power Company sold a power site on the Saguenay to the Aluminum Company of America, Price Brothers and Company owned 25 per cent. of the stock of the Duke-Price Power. The paper company's share of the sale of the undeveloped site of the Aluminum Company of America amounted to $4,900,000 par value in 6 per cent., cumulative, preferred stock and 36,800 shares of the common stock of the Aluminum Company. This last asset has appreciated substantially, but the securities are apparently carried on the company's books at a nominal value only.

While the chief interest in the company centres on its newsprint production, yet for over 100 years it has been one of the largest manufacturers of spruce lumber in Canada and its saw mill properties form no inconsiderable portion of the sources of revenue for the company. The market for lumber during the past two years has shown some improvement.

Accounting Is Conservative

While Price Brothers and Company will be affected by the unsatisfactory situation prevailing in the newsprint markets, it is certain that its balance sheet shows an extremely conservative picture of the situation in which the company finds itself. In its holdings of Aluminum Company stock, there is apparently a profit already of some $2,000,000. The company's balance sheet gives no indication of this strength in its position. In its balance sheet, under investments, the company carries a figure of $2,172,384 which in no way reflects even the par value of its holdings in the Aluminum Company, let alone other investment securities. From its holdings of the 6 per cent. stock of the Aluminum Company, Price Brothers and Company obtain annual dividends of $245,400.

Earlier this year, Price Brothers obtained the stock control of yet another subsidiary undertaking, namely, the Donnacona Paper Company. This subsidiary is reviewed separately in this issue. It is understood that already the Price Brothers management of Donnacona has been successful in reducing administrative and operating costs.

Is Family Undertaking

In one sense Price Brothers is a family affair. The shares are controlled by the Price family and likely to remain so indefinitely. Probably the property will never change hands, for those in control of the undertaking do not desire to sell. Only a small proportion of the total capital stock is in the hands of the public. That which is not held by the Price family is very largely held by a few large holders such as Sir Herbert Holt. Hence, in price the shares are subject to fluctuations.

The speculative feature surrounding the shares is obviously the situation existing throughout the whole industry. The more attractive features of the stock, though, are the long successful record of the company, the sound management which it enjoys, its gigantic timber assets which over a term of years cannot fail but to appreciate handsomely in value and the possibility of appreciation in the securities which Price Brothers carries at a nominal figure in its investment account

Capitalization—

	Authorized	Outstanding
Common ($100 par)	$50,000,000	$42,683,200
Pref. 6% cum., red., s. f. ($100 par)	10,000,000	7,000,000

Funded Debt—
6% first mortgage sinking fund bonds, due 1943; outstanding $14,342,900.

Dividend Record—
Preferred—6½% per anum. Initial dividend paid April 1, 1925, and quarterly since.
Common—(New stock): 2/5 of 1% paid Jan., 1921; bonus of 2/5 of 1% Feb., 1921; ¾ of 1% Apr. and July, 1921; placed on 2% per annum basis Oct., 1921, and paid quarterly since.
Common—(Old stock): Initial dividend of 1½% paid Sept., 1916; 6% paid 1917; 7%, 1918; 8% 1919 and 1920. In addition, extra dividends of 2% were paid Feb., 1918, and Feb., 1920, and a stock dividend of 22% in Feb., 1920.

Officers and Directors—
J. H. Price, pres.; J. M. McCarthy, vice-pres.; G. H. Thomson, vice-pres.; H. E. Price, sec.-treas.; A. J. Price, J. L. Apedaile, Quebec, P.Q.; Sir Herbert S. Holt, A. J. Brown, V. M. Drury, H. B. Macdougall, Montreal; W. S. Hofstra, G. G. Allen, New York; A. C. Price, Kenogami, Que.; Sir Keith W. Price, Sir Ian Hamilton Benn, London, England.

Market Record—

	Common		Preferred	
	High	Low	High	Low
Old Company				
1913	73	65	....	....
1914	60	60	....	....
1915	..	..	....	....
1916	132	60	....	....
1917	184	115	....	....
1918	151	120	....	....
1919	260	155	....	....
1920	385	250	....	....
New Company				
1921	42¼	24⅜	....	....
1922	47¾	30	....	....
1923	47	39	....	....
1924	45	26½	....	....
1925	59	35⅜	96½	95
1926	76¾	57	103½	95½
1927	80¾	51¼	105⅛	100
†1928	120⅜	69	108	103

†To Sept. 11.

INCOME AND SURPLUS ACCOUNT, YEARS ENDING FEBRUARY 28

	1928 $	1927 $	1926 $	1925 $	1924 $	1923 $
Net Earnings	4,079,574	4,063,211	4,263,191	3,128,125	3,408,967	2,338,934
Less: Depr. and Dept.	1,508,965	1,541,263	1,199,604	1,189,364	1,142,014	700,096
Bond Interest	872,695	892,944	786,096	600,000	551,515	419,976
Written Off	......	......	482,369	......	......	......
Net Profits	2,697,914	1,629,004	1,795,122	1,338,761	2,115,438	1,218,862
Less Appropriations:						
Pref. Dividends	455,000	455,000	455,000	......	......	......
Common Dividends	853,664	853,664	853,664	853,664	853,664	853,664
Prem. on Bonds Redeemed	15,105	12,425	......	......	......	......
Surplus for Year	1,374,145	307,915	586,458	485,097	861,774	365,198
Add Previous Surplus	2,229,910	1,921,995	1,573,038	1,568,318	706,544	341,347
Less Administration Exp.	......	......	137,500	480,377	......	......
Balance Carried Forward	3,604,055	2,229,910	1,921,995	1,573,038	1,568,318	706,544
Dividend Record and Earnings on Capital Stock—						
Preferred Earned	38.54	23.29	32.53	....	....	....
Paid	6½	6½	6½	....	....	....
Common Earned	5.25	2.75	3.12	2.69	4.02	2.85
Paid	2	2	2	2	2	2

Great Lakes Paper Plans Call for Biggest Machine

From Our Own Correspondent

MONTREAL.—The Great Lakes Paper Company has put into effect a three hour system and the new newsprint machine has started operation. The machine is 264 inches wide and was built by Bagley & Sewall Company, Watertown, N. Y., being the largest paper machine ever built in the United States.

This unit will be followed shortly by a second unit of 304 inches wide, also being built by Bagley & Sewall Company, and will be the largest paper machine in the world.

List Consolidated Felt

Preferred and common shares of Canadian Consolidated Felt have been called for trading on Montreal Curb.

Brompton Pulp & Paper

Investment House Holds Stock at Higher Level — Record of Stock Disappointing — In Sound Financial Position

The re-financing of the Brompton Pulp and Paper Company which took place this year betters the capital structure of the company by eliminating its mortgage obligations and its outstanding preferred stock.

The significant point about the re-financing was that on the entire new capitalization of $300,000 no par value common shares, the annual dividend requirements amount to some $600,000 as compared with $920,000 which formerly Brompton annually had to pay out in fixed charges, preferred and common dividends.

The company has signed a long-term contract for the entire output of its newsprint at a satisfactory price. The contract is understood to be with the Hearst interests. But while the price for the output is satisfactory this year, yet no doubt the figure at which Hearst will purchase his newsprint from Brompton, will vary according to prevailing prices in the newsprint market. In other words, even though Brompton holds a long-term contract with Hearst, the outlook for the newsprint industry as a whole has a bearing on the outlook for the shares of the company.

No announcement has been made on the company's earnings of recent date, but for the first four months of 1927, it is understood that profits were in excess of the same four months of a year ago.

Other Output Also

In addition to its newsprint output, Brompton has, of course, a large output of other pulp and paper products. The present unsatisfactory situation in the pulp and paper industry as a whole has a bearing on the revenues which Brompton obtains from the remainder of its output.

Those with a good knowledge of the company feel that the stock is worth more than its present price. The Dominion Securities, Investment Bankers, associated in the past with Brompton's financing agreed to pay $50 per share for any of the 150,000 shares of no par value common stock not taken up by the shareholders at the $53 price at which it was offered them some months ago. Shortly after the new offering of stock rights was made to shareholders, the stock market flopped, with the result that the security house had to absorb the offering. It is apparent, therefore, that the Dominion Securities, which is, of course, well acquainted with Brompton's operations, feels that on its merits the shares should be worth at least $50.

Have Been Disappointing

While in the past Brompton shares have been something of a disappointment marketwise, yet the present situation of the company appears to be such that it is equipped to withstand a period of even keener competition in the industry.

The Brompton plants are located at Bromptonville and East Angus, P.Q., while the Claremont Paper Company mills are at Claremont, New Hampshire and Bellows Falls, Vermont. The subsidiary company makes sulphite bond and kraft paper. Brompton is the sole owner of the subsidiary.

The Bromptonville plant has a groundwood as well as a newsprint mill. At East Angus, the mills manufacture groundwood, sulphite, boxboard, kraft, manilla, fibre papers and newsprint. It also operates a saw mill producing 20,000 board feet a day. The capacity of the Canadian mills is 230 tons of newsprint, 60 tons of boxboard, 60 tons of kraft, 250 tons of groundwood and 112 tons of sulphite pulp daily.

The company sells the surplus of groundwood it does not require for further manufacture, and since the sale of its other United States subsidiary at Groveton, N.H., it purchases its sulphite pulp requirements on the open market. The company holds water powers on the St. Francis River capable of developing some 15,000 horse power.

The company and its subsidiaries own 282,102 acres of freehold timber lands and 633,757 acres of Crown timber lands. These areas are estimated to contain 5,930,000 cords of pulpwood sufficient to assure at least fifty years supply on the present basis of operations. The company has virtually the exclusive use of the St. Francis River for logging from the headwaters to its mill. This greatly facilitates logging operations, and is one of the factors which makes Brompton a low-cost producer. Some of the timberlands are located in the Lake Saint John area.

Virtually all the holders of the preferred shares of the Brompton Company have accepted the $133.50 a share offer of the company for their stock; well below 100 shares are all which now remain outstanding out of a total of 18,800 preferred shares formerly held by investors.

At the beginning of this month Brompton's first refunding, 6 per cent. bonds were retired. When the consolidated mortgage issue is redeemed on November 1 next, the company will have eliminated from its balance sheet all securities ranking senior to the common shares.

Brompton will then have outstanding only 300,000 shares of common. The reconstruction of the capitalization will result in annual savings of about $300,000—the equivalent of $1 a share on the common stock now outstanding.

Capitalization—

	Authorized	Outstanding
*Common (n.p.v.)	500,000 shs.	300,000 shs.
†Pref., 8% cum., red. ($100 par)	$2,000,000	†$1,880,000

---

*Common stock changed in 1920 from 70,000 shares, par $100, to 210,000 shares, no par value; authorization increased in May, 1928, to 500,000 shares, and shareholders offered special rights to new issue on basis of 1 new share for each share held.

†Preferred stock called for redemption July, 1928, at $133.50 and dividend; in Sept., 1928, less than 100 shares reported outstanding.

Funded Debt—
6% first consolidated mortgage sinking fund bonds, due 1935; outstanding, $672,000; called for redemption Nov. 1, 1928, at 105.
6% first refunding and mortgage sinking fund bonds, due 1946; outstanding $4,069,000; called for redemption September 1, 1928, at 105.

Dividend Record—
Preferred—8% per annum, paid quarterly regularly to Nov., 1921; none thereafter until 1923, when all arrears were paid up; paid quarterly since.
Common—5% per annum, paid quarterly from Feb., 1917, to Nov., 1919; 1½% paid Feb., May and Aug., 1920. $1.75 per share paid on new stock Nov., 1920, and Feb., 1921; $1 May, 1921; none until $1 in 1926; placed on $2 basis, Jan., 1927, and paid quarterly since.

Officers and Directors—
E. W. Tobin, president; H. W. Beauclerk, vice-pres.; J. A. Bothwell, gen. man.; R. E. Meagher, sec.; J. E. Palmer, treas.; J. N. Greenshields, K.C., C. C. Wilson, H. E. Munroe, R. W. Steele, C. G. Greenshields, K.C., Dr. Milton L. Hersey, James E. McCrea, W. N. Munroe, F. W. McCrea.

Market Record—

	Common	
	High	Low
1916	79	43
1917	58¼	38
1918	63¼	41⅝
1919	87	55
1920	170	42¼
1921	59	13½
1922	40	15
1923	43¾	33⅞
1924	43	26½
1925	32½	18
1926	38⅝	36
1927	64	31
1928 (to Sept. 11)	71	34½

Income and Surplus Account, (Years Ending December 31)

	1927 $	1926 $	$ 1925	$ 1924	$ 1923	$ *1922
Net Earnings	1,545,131	1,240,954	1,321,065	1,128,582	1,802,163	1,607,213
Less Depreciation	571,699	252,000	255,000	255,000	326,418	366,589
Bond Interest	292,352	321,440	299,359	288,572	303,134	362,783
Net Profits	681,000	667,514	766,706	585,010	1,172,611	877,841
Pref. Dividends	156,950	177,500	177,500	177,500	337,500	17,500
Common Dividends	280,000	70,000	......	......	......	......
Inventory Account	......	......	55,121	......	......	......
Surplus for Year	244,130	420,014	534,085	407,510	835,111	860,341
Add Prev. Surplus	5,578,751	5,158,787	4,624,652	4,217,142	3,382,031	2,521,690
†Deduct Adjustments	4,127,461	......	......	......	......	......
Bal. Carried Forward	1,695,420	5,578,787	5,158,737	4,624,652	4,217,142	3,382,031
Times Interest Earned	3.32	3.07	3.56	3.03	4.86	3.42
Dividend Record and Earnings on Capital Stock—						
Preferred Earned	36.23	32.50	37.46	28.38	57.75	43.02
Paid	8	8	8	8	8	..
Common Earned	3.75	3.50	4.21	2.91	7.11	5.00
Paid	2.00	1	..	..	..	..

---

*Includes operations of Brompton Pulp for period of 14 months; Groveton Paper for 12 months, and Claremont Paper for 12 months.

†Including investments sold, bond discount written off, and items applicable to previous periods.

Power & Paper Investments

The Canadian Power and Paper Investments was publicly financed by the issuance of debentures carrying a bonus of common stock. The company is an investment trust organized to invest in securities of hydro electric, Public Utility, and paper companies. The powers conferred on the company by its charter have been designed to allow the management a great degree of freedom. The assets of the company consist entirely of securities, call loans and investments. Among these holdings the company holds a substantial interest in the Bathurst Power and Paper Company which is reviewed elsewhere in this issue. In view of the situation existing in the newsprint industry during 1928, it is improbable that the assets of the company have been invested in acquiring paper stocks other than that of the Bathurst Power and Paper. Probably, the remainder of its funds are invested in power and public utility companies. The company's investments have a market value in excess of $4,000,000 as compared to its debenture issue of $2,500,000.

Capitalization—

	Authorized	Issued
Common (n.p.v.)	100,000 shs.	75,000 shs.
Pref. 6% conv. ($50 par).	$1,250,000	$1,250,000

Funded Debt—
5% debentures, due 1958; series "A," issued $2,500,000.

Executive Committee—
A. J. Nesbitt, J. B. Woodyatt, P. A. Thomson.

Nashwaak Pulp

The Nashwaak Pulp & Paper Company's plant is near Saint John, N.B., where 85 tons of sulphite pulp are produced daily. The company is a subsidiary of the Oxford Paper Company of the United States. The quality of the Nashwaak's output is favorably known in United States markets. The head office of the company is at Saint John, and the plant is at Fairville, N.B.

Capitalization—

	Outstanding
Preferred	$1,700,000

Of which $850,000 each is owned by the Bryant Paper Co. and Oxford Paper Co. of the United States.

Funded Debt—
6% first mortgage bonds, outstanding $496,800; due $75,000 annually to 1936.

Officers and Directors—
H. J. Chisholm, pres.; C. A. Gordon, H. E. Beedy, vice-presidents; F. E. Tufts, treas., New York; R. W. Hovey, gen. mgr., Saint John.

Production—
85 tons of sulphite pulp daily.

It takes about 1,500 seedlings to plant an acre for timber production purposes.

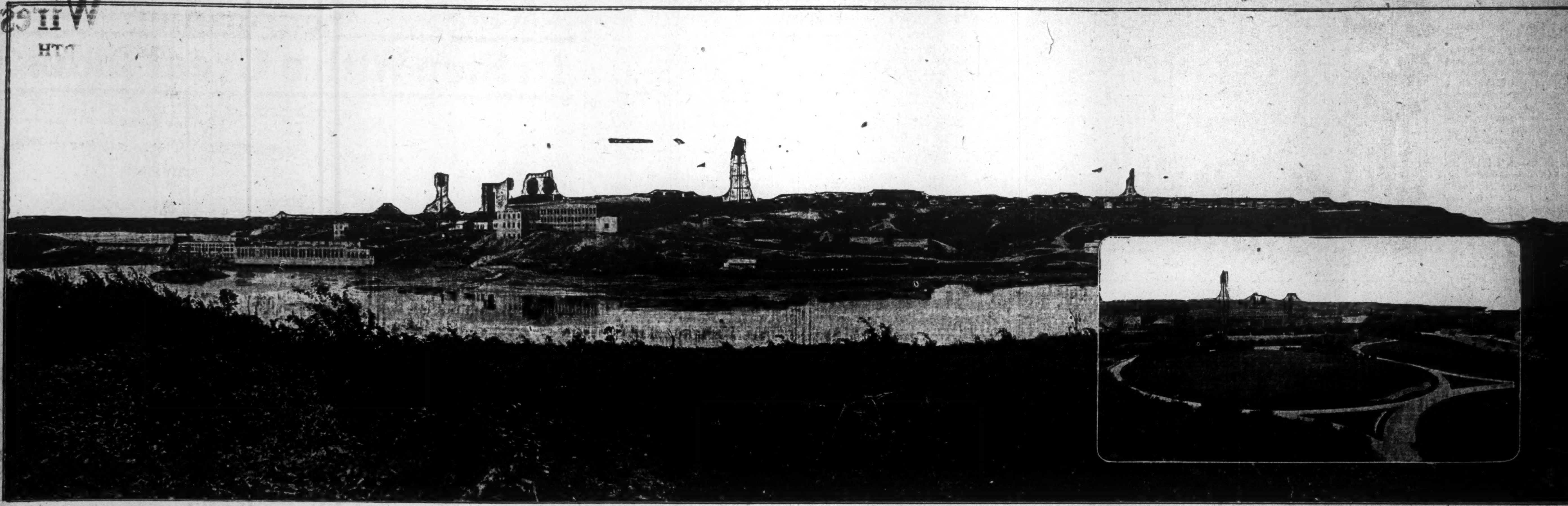
Fourdrinier Wires
UP TO 310 INCHES IN WIDTH
■
Cylinder Covers
All kinds of Wire Cloth for Paper Mills
Dandy Rolls
■
The Johnson Wire Works Ltd.
St. Henry, Montreal

CANADA IRON FOUNDRIES, LIMITED.
HEAD OFFICE—MONTREAL
General Foundry & Machine Work
Grey Iron Castings up to 35 Tons
Flanged Pipe and Fittings
MOUNT
Continuous Causticizing and Lime Recovery Equipment
PLANTS:
Three Rivers, Que. Hamilton, Ont.
St. Thomas, Ont. Fort William, Ont.
For Service

Scientific Control Means Satisfied Clients
A Partial List of Exclusive "NaBroCo" Users
PORT ALFRED PULP & PAPER CORP.
Exclusive users of NaBroCo Acid Resisting Bronzes for the last three years.
SPRUCE FALLS POWER & PAPER CO. LTD.
Exclusive contract recently signed after lengthy practical mill tests.
FRASER COMPANIES LTD.
DOMINION BRIDGE WORKS
NaBraCo Bronze used throughout.
MONTREAL TRAMWAYS
NaBroCo Bronze used on yearly contract—renewed for third consecutive year.
CANADIAN ALLIS CHALMERS
CANADIAN NATIONAL RAILWAYS
From Belleville to St. Malo.
"NaBroCo" Bronze It Really Resists
We Make "Acid Resisting Bronze" for Pulp and Paper Mills
Over 2,500,000 lbs. a Year!
THE fact that in three years business has grown from 100,000 lbs. to over **2,500,000 lbs. a year** is the best evidence that could be offered of satisfied customers.
National Bronze Company Limited operates under **strictly scientific control,** the temperature of every pot of metal being taken, analyses made to check the composition, and metallographic investigations to further control the interior structure of the metal, and many other automatic controls.
NaBroCo Acid Resisting Bronze is used in **pulp and paper mills.** There is a growing demand for **"Acid Resisting Bronze That Really Resists."** Such a bronze would only give continued satisfaction if made under strictly scientific conditions — with the various factors carefully controlled.
Scientific control is your best guarantee of satisfaction.
National Bronze Company
LIMITED
145 Mill Street York 2858 Montreal

Nashwaak Pulp & Paper Co., Limited
Saint John, N. B., Canada
Prime Bleached Spruce
Sulphite Pulp
New York Office: 200 Fifth Avenue

View of Iroquois Falls Mill of Abitibi Power and Paper Co.



This is one of the most important of newsprint mills in Canada. Daily capacity 550 tons, which is shipped to customers in Canada and the Eastern States.

FIRE PROTECTION MAKES STRIDES ACROSS CANADA

Rapid Advances Made in Protecting Forest Wealth of Dominion

Because "out of sight is out of mind" the average dweller in town and country in Canada is not yet aware that the advance in fire-fighting methods in the past decade has been even greater in our forests than in our cities. True the cities have their electric alarms, motor equipment, and aerial ladders, but the different forest services and protective associations, which ten years ago were largely restricted to foot and canoe patrols and a few hundred miles of telephone line, now have scores of lookout stations, thousands of miles of telephone wire, and make use of the radio and the aeroplane.

The great advance that has been made in forest fire fighting in the past few years has been the separation of fire-detection from fire-suppression. Formerly there could be scarcely any division of labor. Rangers were assigned to long beats, which might take a fortnight to cover, and patrolled these singly or by twos, as circumstances dictated. It will thus be seen how limited would be the protection so afforded. Also, when the patrol discovered a fire too large for one man or two men to handle, it might take a week before headquarters could be communicated with and a force of men brought to the scene.

Methods Contrasted

Contrast those methods with plans followed in the best equipped forests to-day. These forests fall into two classes: (1) those where fires are detected from lookout stations and, (2) those where detection is accomplished by the aeroplane patrol. In the first class a number of lookout stations are located on mountain tops or in high towers, and all stations have telephone connection with the forest headquarters. During the danger season a lookout man, equipped with fire-finder and map of the forest, is constantly on duty. When a fire is sighted he at once telephones headquarters, giving its location. Through the forest run roads and trails, cut by the rangers in the slack season, so that, upon receipt of an alarm, headquarters is able to send at once, by motor truck or on horseback, a party to fight the fire.

In the forest covered by hydro-aircraft patrol, roads and trails are often infrequent or lacking, but myriad lakes provide landing places. The detection planes which make regular patrols, are fitted with radio apparatus. When a fire is detected the message as to its location is sent back to the base. Here a larger plane, called the suppression plane, is kept in readiness, and upon receipt of the report this is flown to the scene of the fire with a number of fire-fighters and their equipment.

Supporting Efforts

In addition to the advance in fire-fighting methods the equipment has also been much improved of recent years and includes gasoline-operated pumps which, though light enough to be carried on a man's back, have yet sufficient capacity to pump water through more than half a mile of hose.

In the national forests the aeroplane work is carried on by co-operation between the Royal Canadian Air Force and the Dominion Forest Service. In provincial forests other arrangements are in force, but, wherever introduced, a giant step forward has been made by the use of the aeroplane. It might be thought that with such progress little would remain to be done as regards forest fire protection in Canada, but what is urgently needed is that these methods which now apply to only a small part of our forests be extended until all are covered. This need is causing prominent citizens in all walks of life to give earnest support to the various forest authorities in their fire-protection efforts.

New Dealers' Form

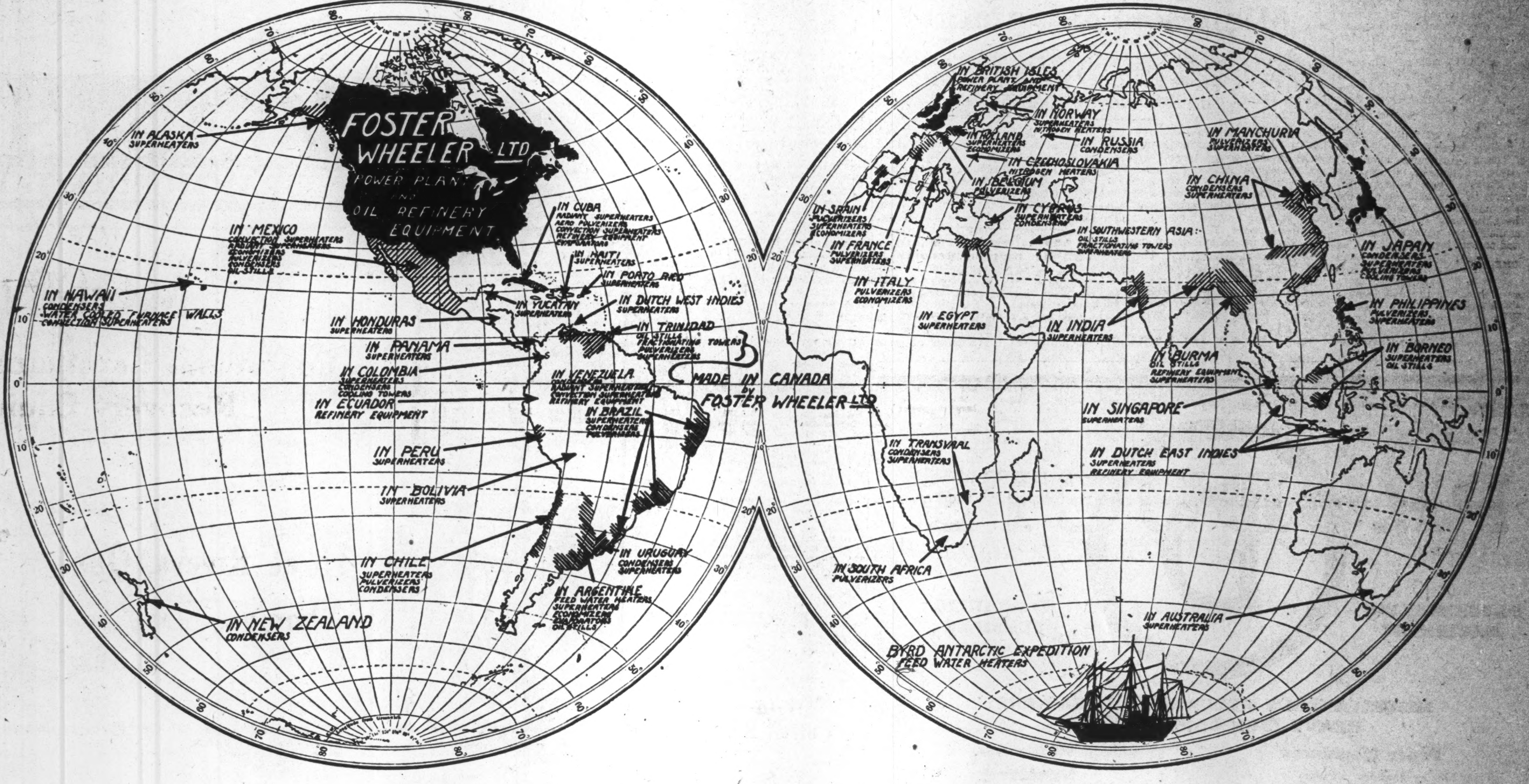
REGINA.—A new application form for dealers' policies in automobile insurance will shortly be adopted. Superintendent Foster, of Ontario, and V. Evan Gray, of the auto association, will work out the details and submit the new application form to the other superintendents. It was generally admitted in discussion at the convention that the ordinary application form now in use is not suitable for dealers' policies.

Inter. Paper Subsidiary Secures Valuable Contract

MONTREAL.—Contract for supplying United States Post Office Department with nearly thirteen billion stamped envelopes and newspaper wrappers for the four year period commencing January 1, 1929, has been awarded to the International Envelope Corporation, a subsidiary of International Paper Company. International Envelope was the lowest bidder, with a bid of $13,209,793, which was $105,000 below the bid of the present supplier.

The paper will be supplied by International Paper Company and the envelopes will be made by International Envelope Corporation, in which it is understood the Standard Envelope Manufacturing Company of Cleveland has an interest.

This contract is another step by International Paper Company toward diversification of products. The company has grown from a $100,000,000 concern in 1924, when its principal product was newsprint, to the proposed $550,000,000 company which will come into existence when the new holding company, International Paper and Power Company, is formed, and takes over the additional New England Power Association stock. More than half of the new company's assets will be public utility properties and the balance well diversified, including plant producing newsprint, writing and book paper, envelopes, sulphide pulp for rayon, sanitary napkins, wrapping paper, bags, cement sacks, wall paper, mulch paper and many other products.


FOSTER WHEELER LTD
POWER PLANT AND OIL REFINERY EQUIPMENT
IN ALASKA SUPERHEATERS
IN MEXICO CONVECTION SUPERHEATERS RADIANT SUPERHEATERS ECONOMIZERS PULVERIZERS CONDENSERS OIL STILLS
IN HAWAII CONDENSERS WATER COOLED FURNACE WALLS CONVECTION SUPERHEATERS
IN CUBA RADIANT SUPERHEATERS AERO PULVERIZERS CONVECTION SUPERHEATERS REFINERY EQUIPMENT EVAPORATORS
IN HAITI SUPERHEATERS
IN PORTO RICO SUPERHEATERS
IN YUCATAN SUPERHEATERS
IN DUTCH WEST INDIES SUPERHEATERS
IN TRINIDAD OIL STILLS FRACTIONATING TOWERS PULVERIZERS SUPERHEATERS
IN HONDURAS SUPERHEATERS
IN PANAMA SUPERHEATERS
IN COLOMBIA SUPERHEATERS CONDENSERS COOLING TOWERS
IN ECUADOR REFINERY EQUIPMENT
IN VENEZUELA CONDENSERS RADIANT SUPERHEATERS CONVECTION SUPERHEATERS REFINERY EQUIPMENT
IN BRAZIL SUPERHEATERS CONDENSERS PULVERIZERS
IN PERU SUPERHEATERS
IN BOLIVIA SUPERHEATERS
IN CHILE SUPERHEATERS PULVERIZERS CONDENSERS
IN URUGUAY CONDENSERS SUPERHEATERS
IN ARGENTINE FEED WATER HEATERS SUPERHEATERS ECONOMIZERS EVAPORATORS OIL STILLS
IN NEW ZEALAND CONDENSERS
MADE IN CANADA BY FOSTER WHEELER LTD
IN BRITISH ISLES POWER PLANT AND REFINERY EQUIPMENT
IN NORWAY SUPERHEATERS NITROGEN HEATERS
IN HOLLAND SUPERHEATERS ECONOMIZERS
IN RUSSIA CONDENSERS
IN CZECHOSLOVAKIA NITROGEN HEATERS
IN BELGIUM PULVERIZERS
IN SPAIN PULVERIZERS SUPERHEATERS ECONOMIZERS
IN FRANCE PULVERIZERS SUPERHEATERS
IN ITALY PULVERIZERS ECONOMIZERS
IN CYPRUS SUPERHEATERS CONDENSERS
IN SOUTHWESTERN ASIA OIL STILLS FRACTIONATING TOWERS SUPERHEATERS
IN EGYPT SUPERHEATERS
IN INDIA SUPERHEATERS
IN MANCHURIA PULVERIZERS SUPERHEATERS
IN CHINA CONDENSERS SUPERHEATERS
IN JAPAN CONDENSERS SUPERHEATERS PULVERIZERS COOLING TOWERS
IN PHILIPPINES PULVERIZERS SUPERHEATERS
IN BORNEO SUPERHEATERS OIL STILLS
IN BURMA OIL STILLS REFINERY EQUIPMENT SUPERHEATERS
IN SINGAPORE SUPERHEATERS
IN DUTCH EAST INDIES SUPERHEATERS REFINERY EQUIPMENT
IN TRANSVAAL CONDENSERS SUPERHEATERS
IN SOUTH AFRICA PULVERIZERS
IN AUSTRALIA SUPERHEATERS
BYRD ANTARCTIC EXPEDITION FEED WATER HEATERS

THE selection of Foster Wheeler equipment in industry throughout the world and on ships of a dozen nations is the most positive assurance of sound engineering, broad experience and the merits of these products.

MANUFACTURED AT OUR WORKS, ST. CATHARINES, ONT., AND INSTALLED THIS YEAR

PRICE BROTHERS & COMPANY LTD., Riverbend; Que.—Steam plant equipment.
SPRUCE FALLS POWER & PAPER CO., Kapuskasing, Ont.—Steam plant equipment.
CANADIAN NATIONAL RAILWAYS, Point St. Charles, Montreal—Steam plant equipment.
TRINIDAD LEASEHOLDS COMPANY, Trinidad, B.W.I.—Oil refinery equipment.

COMPLETE EQUIPMENT FOR POWER AND HEATING PLANTS *EQUIPMENT FOR OIL REFINERIES*
GRAY IRON AND SEMI-STEEL CASTINGS *PULP AND PAPER MILL MACHINERY*
GENERAL ENGINEERING AND BOILER PLATE WORK

COMPLETE RESPONSIBILITY TO THE COMPLETED INSTALLATION

AERO UNIT COAL PULVERIZERS
AIR HEATERS
CENTRIFUGAL PUMPS
CONDENSERS
COOLING TOWERS
ECONOMIZERS
EVAPORATORS
EXPANSION JOINTS
FEED WATER HEATERS

FOSTER WHEELER
LIMITED

Canadian Pacific Railway Bldg. TORONTO
Canada Cement Co. Bldg. MONTREAL
Board of Trade Bldg. VANCOUVER
Works: ST. CATHARINES, ONT.

FRACTIONATING TOWERS
HEAT EXCHANGERS
STEAM JET AIR PUMPS
SUPERHEATERS
TUBE STILLS
VACUUM PUMPS
WATER COOLED FURNACE SURFACES
BRASS AND COPPER TUBING AND PIPE

Donnacona Paper

Present Situation Satisfactory — Operated by Price Brothers

At the present time, the Donnacona Paper Company, which is controlled by Price Brothers, is operating at capacity for it holds contracts which will enable the mills to operate at this rate until the close of the current year. These contracts were entered into by the interests which controlled the property until the beginning of 1928 when the company changed hands and Price Brothers obtained control.

The property is managed by the Price Brothers and the co-operation now existing between the two companies has resulted in the reduction of operating costs of the subsidiary. Donnacona has no bank loans and occupies a sound cash position. While at the moment the company is not affected by the unsatisfactory conditions which surround the operations of most of the other mills in the industry, the outlook for the shares is identical with the outlook for the shares of all the newsprint producers. Shortly, Donnacona will have to obtain new contracts and will then be in competition with mills which at the moment are operating at only about 60 per cent. of their capacity.

Enthusiasm Raised Stock

Earlier this year, the wild enthusiasm of speculators forced Donnacona shares, like those of all the newsprint companies, up to unwarranted levels.

Other than the fact that Donnacona probably will shortly have to renew its newsprint contracts, no devolpments appear to be pending in the organization. There is an ultimate possibility, of course, that Price Brothers may decide to acquire the whole undertaking, lock, stock and barrel, but such a development at the moment seems unlikely.

Donnacona owns 27,660 acres of freehold timber lands and controls by lease from the province, 708 square miles of leasehold timber lands. These reserves contain some 4,000,000 cords of pulpwood and are located on the watershed of the Jacques Cartier River. Through a subsidiary, the company has cutting rights on areas estimated to contain 400,000 cords of pulpwood. It holds also, additional timber limits containing 1,000,000 cords of pulpwood just east of the point where the Saguenay flows into the St. Lawrence. The total pulpwood owned or controlled, therefore, amounts to 5,400,000 cords.

Location of Mill

The mill is located on the north side of the St. Lawrence about 30 miles west of Quebec, where the Jacques Cartier River joins the St. Lawrence. In the mill are three newsprint machines. The company also owns its own extensive town site on which the predecessor company expended large sums. The company's water powers have been developed to the extent of 11,000 h.p. and it owns a 20-year franchise to supply water to the town of Donnacona. The undeveloped waterpower sites have an estimated capacity of 35,000 h.p.

The purchase of the predecessor company was financed earlier this year by a bond issue and a debenture issue. The latter carried with it interesting stock purchase warrants which the debenture holders can exercise profitably up to 1934, providing the common appreciates before that date.

Capitalization—	Authorized	Issued
Common (n.p.v.)	200,000 shs.	150,000 shs.

Controlling interest held by Price Brothers & Co., Ltd. The shares of the old company were bought out at $110 per share preferred and $100 per share common.

Funded Debt—
5½% first mortgage sinking fund bonds, series "A," due 1948; authorized $12,000,000, outstanding $7,000,000.*
6% debentures, series "A," due 1948; authorized $6,000,000, issued $4,000,000. This issue carries rights for the purchase of common stock.

---

*Series "A"—All bonds of the old company retired early in 1928.

Dividends—
Preferred—7% per annum paid regularly, quarterly since 1922.
Common—2% each May, Aug. and Nov., and 6% in Feb.

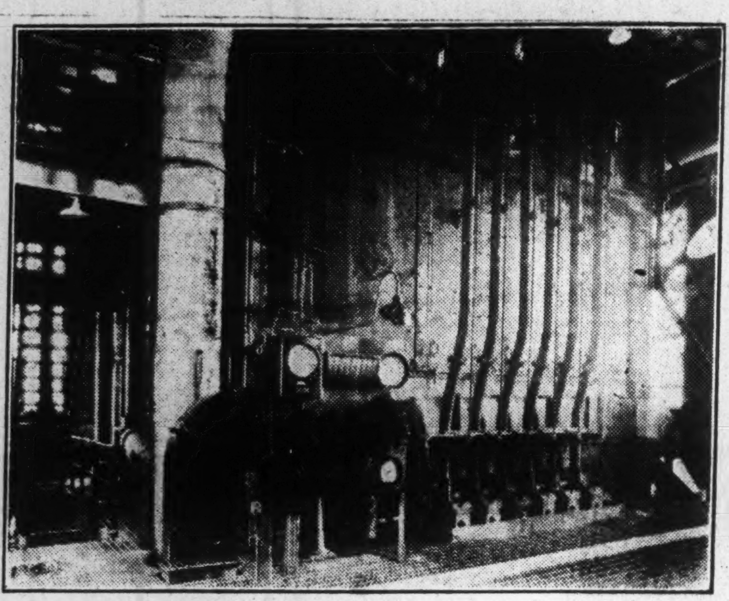
Officers and Directors—
John H. Price, pres.; J. L. Apedaile, vice-pres.; R. P. Kernan, vice-pres.; W. G. Mitchell, R. H. Nisbet, A. C. Price, W. C. Pitfield. V. E. Mitchell.

INCOME AND SURPLUS ACCOUNT
Years Ending December 31

	1926 $	1925 $	1924 $
Gross sales	4,428,106	4,623,575	4,147,453
Cost of sales	4,020,014	3,795,017	3,612,565
Net earnings	408,092	828,558	534,888
Other income	24,840	27,962	58,650
Total	432,932	856,520	593,538
Less:			
Deductions	17,781	164,054	129,622
Net profits	415,151	692,466	463,916
Dividends paid:			
Preferred	7%	7%	7%
Common	12%	12%	12%

Market Record—
1928 (to Sept. 11.): high, 47; low, 20.

Is One of Largest Steam Plants



—Photo by the Combustion Engineering Corp.

The photograph shows the operating floor in front of one of the boilers of the International Paper's plant at Three Rivers. This is one of the largest steam plants in Canada, and it is reported that 85 per cent. efficiency is being obtained under normal operating conditions. The steam plant comprises seven 1030 h.p. B. and W. boilers fired with pulverized fuel.

Provincial Paper

Report of First Eight Months' Operation of New Company Indicates Success Will be Continued

Provincial Paper Ltd., is the company formed in 1927 to take over as a going concern, Provincial Paper Mills, Ltd., established in 1909. The same management which had made the former company highly successful remained in control and the report issued for the first eight months of operation of the new company indicates that the success of the old company will be repeated.

The company is one of the two largest companies in Canada manufacturing fine papers. The adjustments in the tariff on book paper in the last year undoubtedly created some problems, but it is believed that the fine-paper industry will be able to adjust itself to the changed conditions.

At present, there is no common stock of this company in the hands of the public, the issues having been merely bonds to the amount of $5,300,000 and 7 per cent. cumulative preferred stock to the amount of $3,500,000.

The company manufactures bond, coated and writing papers, as well as book papers. Properties now include four paper-making plants, mills being at Port Arthur. Thorold, Mille Roches and Georgetown, with head office in Toronto. The Mille Roches plant includes two machines with a capacity of 35 tons per day; the Thorold plant two machines with a capacity of 35 tons per day; the Georgetown plant, 2 machines with a capacity of fifteen tons; and the Port Arthur Plant with a daily capacity of 90 tons. The company owns 2,500 square miles of timber limits and the total daily capacity is about 190 tons per day. There is groundwood and sulphite equipment in the Port Arthur plant. The company manufactures a certain amount of newsprint at Port Arthur.

Provincial Papers Sales, Ltd., a wholly-owned subsidiary, formerly was known as the John Martin Paper Co. of Winnipeg. It is purely a sales organization and is well-regarded by users of paper throughout the Canadian West.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	100,000 shs.	100,000 shs.
7% cum. pref. ($100 par)	$3,500,000	$3,500,000

Preferred shares of old company redeemed at 107 and accrued dividends up to June 7, 1927; common shareholders received $135 in cash for each share held.

Funded Debt—
5½ first mortgage bonds, due 1947, issued $5,300,000.

Dividend Record—
Preferred—7% per annum cumulative from May 1, 1927. Initial payment July 1, 1927, and quarterly since. Dividends on old preferred paid from July, 1913.
Common—(Old Stock)—Initial dividend of 1% paid Jan., 1917; 4% per annum paid 1917, 1918, and 1919; 6%+1%, 1920-1923; 6%, 1924; 6%+1%, 1925 and 1926.
Common—(new stock)—None paid.

Officers and Directors—
I. H. Weldon, pres., Toronto; T. A. Weldon, vice-pres.; Thorold, Ont.; S. F. Duncan, treas.; Alex. Fasken, R. S. Waldie, A. F. White, E. R. Wood, Toronto; W. S. Barber, sec.

Market Record—

Year	Common High	Common Low	Preferred High	Preferred Low
1916	57	56	..	..
1917	51¾	50	81	78
1918	49	46	78	78
1919	85	51	90	85
1920	131½	81	88	87
1921	102	87¾	87¾	82
1922	88½	80	95	80
1923	92½	83	98	92
1924	100	84	97½	90
1925	111¼	88¾	103½	95
1926	116½	100	107	102½
1927	130	116	107	105¼

Stocks of new company not listed on exchange.

Production—
Daily output of 100 tons of book and writing papers, 60 tons of sulphite, 35 tons of groundwood.

INCOME AND SURPLUS ACCOUNT, YEARS ENDING DECEMBER 31

	†1927 $	1926 $	1925 $	1924 $	1923 $	1922 $
Manufacturing Profits	770,923	1,218,106	1,045,493	878,013	493,333	729,261
Other Income	3,200	6,375	14,811	8,756	9,990	34,700
Total	774,123	1,224,481	1,060,304	886,769	503,323	763,961
Less: Res. for Deprec. and Doubtful Accounts	310,000	302,400	300,100	288,026	230,000	150,000
Res. for Taxes	25,000	60,000	70,000	50,000	20,000	70,000
Bond Disc.	......	50,000	20,000	13,023	......	......
Bond Interest	202,862	81,590	83,905	97,964	92,639	55,787
Other Deductions	......	......	......	59,986	......	77,953
Net Profits	236,261	730,491	586,299	377,769	160,684	410,221
Less Appropriations:						
Pref. Dividends	163,333	119,000	119,000	119,000	119,000	119,000
Common Dividends	......	245,000	245,000	210,000	210,000	245,000
Surplus for Year	72,928	366,491	222,299	48,769	x168,316	46,221
Add Prev. Surplus	......	936,220	713,921	665,152	833,468	787,247
Balance Carried Forward	72,928	1,302,711	936,220	713,921	665,152	833,468
x Deficit.						
Dividend Record and Earnings on Capital Stock—						
Preferred Earned	7.01	42.91	34.48	25.75	9.45	28.72
Paid	7	7	7	7	7	7
Common Earned	83c.	17.47	13.25	9.10	1.19	8.32
Paid	...	6+1	6+1	6	6	6+1

† New company, 8 months ended Dec. 31.

Minnesota & Ontario

Company Controlled by Backus-Brooks Owns Valuable Power Rights and Large Timber Resources in Northwestern Ontario

Minnesota & Ontario Paper Co., a Maine corporation, is with its subsidiaries among the largest producers of newsprint in the world. The plants are well located for low-cost manufacture and distribution of the products, which also include sulphate pulp, insulite, lumber and other forest products.

Capacity of the newsprint plant is about 250,000 tons annually, with 34,000 tons of high-test kraft liner board, 300,000,000 feet of the highest standard insulating material and 150,000,000 board feet of rough and finished lumber, box shooks and crating.

Hydro-electric and hydraulic power development now owned and operated have a combined generating capacity of 85,000 horsepower, with auxiliary steam turbine plant of 20,000 electrical horsepower. Hydro power rights on the Rainy River at Fort Frances, Ont., and International Falls, Minn., are held in perpetuity.

The timber supply in Minnesota and Ontario contiguous and tributary to the mills embraces a forest area of 50,000 square miles and contains an almost inexhaustible supply of spruce pulpwood and other papermaking woods.

Minnesota & Ontario Paper Co. is controlled by the Backus-Brooks Co., which assures continuance of good management. Investment interest in the company is confined to the bonds, which are amply secured and earnings are ample to take care of interest payments and sinking funds.

Capitalization—	Authorized	Issued
Common ($100 par)	$15,000,000	$9,892,000
Pref. 6% cum., partic. ($100 par).	5,000,000	3,756,000

85% of stock owned by Backus-Brooks Co., Minneapolis.

Funded Debt—
6% first mortgage sinking fund bonds, series "A," authorized and issued $16,000,000; due serially $5,000,000, 1930 to 1935; $11,000,000, 1945.
Series "B," due 1948; authorized and issued $4,000,000.
Series "C," due 1950; authorized and issued $5,000,000.
6% notes, due 1931, issued $3,500,000.
National Pole & Treating Co. 6% notes, due 1931; issued $2,000,000.

Dividends—
Preferred—6% per annum, cumulative, payable quarterly. Preferred participates ly with common, after 6% has been paid on equally with common, after 6% has been paid on common stock.

Officers and Directors—
E. W. Backus, pres.; S. W. Backus, vice-pres.; R. D. Main, compt.; W. F. Brooks, C. C. Honey, Minneapolis, Minn.; Geo. McLean, International Falls, Minn.; D. McLeod, Kenora, Ont.

Earnings—
Net earnings: 1926, $4,730,444; 1925, $3,800,225; 1924, $2,296,213; 1923, $3,624,574.
Surplus carried to balance sheet: 1927, $33,642,368; 1926, $31,246,792; 1925, $33,077,801.

Production—
Upon completion of additions to property annual capacity will be 250,000 tons of newsprint paper, 34,000 tons Kraft liner board, 150,000,000 ft. insulating material, and over 150,000,000 ft. of rough and finished lumber.

Powell River Co.

Largest Newsprint Producer on Pacific Has Wide Markets

Powell River Co. is the largest producer of newsprint on the Pacific Coast of Canada, the daily production equalling 350 tons. The product is sold to newspapers along the Pacific Coast and east of the Rocky mountains at Kansas City and elsewhere. The location of the mill at a good harbor 72 miles north of Vancouver enables the company to export its paper economically to Australia, New Zealand, South America and to Europe.

Powell River Co. is owned by the Brooks interests of Minneapolis, but the head office is in Vancouver and the executive and operating personnel are Canadian so far as possible.

The company has spared no expense to make the community where it operates a desirable place of residence and the employees of the company have every facility for recreation and amusement from movies to boating and golf. The company has great pulpwood resources. As is the custom on the Pacific coast, large logs are used, from which a certain amount of stock is taken for airplane propellers.

Operations of the mill were described in detail in the pulp and paper number of The Financial Post, September 30, 1927.

Capitalization—	Authorized	Outstanding
Common ($100 par)	$4,500,000	$3,500,400
Pref. 7% cum. ($100 par)	5,500,000	5,250,600

Stock is closely held.
In Aug., 1926, the capital stock was changed from 100,000 shares of $100 each to two classes of shares, namely, 55,000 7% cumulative pref. shares of $100 each and 45,000 common shares of $100 each. The outstanding pref. shares were issued as a 150% dividend.

Funded Debt—
5½% serial notes, outstanding, $3,500,000; due annually, $750,000, 1929-1932; $500,000, 1933.

Officers and Directors—
D. F. Brooks, pres.; S. D. Brooks and M. J. Scanlon, vice-presidents; A. E. McMaster, gen. mgr.; A. S. Brooks, treas.; P. A. Brooks, sec.; F. T. Griffith; R. Bell Irving, mill mgr.

Production—
Timber lands, leased from government, contain over 5,000,000 ft. of saw timber. Daily capacity of production is: 375 tons groundwood pulp, 130 tons sulphite pulp, 485 tons newsprint paper.

New Group Acquires Don Valley Paper Co.

As was announced two weeks ago, the Don Valley Paper Company, Toronto, has been sold by the Davis Estate to interests of which N. E. Wainwright, at present with the Provinicial Paper Limited, is chief.

The Don Valley Paper Company are manufacturers of cover stock, Bristol board, tag and colored specialties, having a present some 2,500 tons per year, sold through the paper merchants company own some 20 acres of in the Don Valley, on which the is situated.

In Step With a Great Industry

We make boilers of all types and sizes. Also Hand Stokers, Pulp and Sawmill Machinery, Road Rollers and Scarifiers, Steel Tanks, Engines and Pumps.

THE Pulp and Paper Mill Machinery made by Waterous has contributed extensively to the development of this great Canadian industry.

Established eighty years ago, Waterous manufactured machinery for Canadian pulp and paper manufacturers when that industry was in its infancy and ever since has kept pace with the amazing progress and development of the industry.

In the newest, as well as in the oldest Canadian pulp and paper plants, you will find Waterous installations performing efficiently.

Waterous, specially trained in the construction of pulp and paper machinery, will be pleased to analyze your problems and recommend a solution.

Waterous Limited
BRANTFORD, ONTARIO, CANADA.

PRODUCTS D

PAPER MAKING MACHINERY

HYDRAULIC TURBINES

MISCELLANEOUS MECHANICAL EQUIPMENT
HEAVY IRON CASTINGS, ETC.

Paper Machinery

- Paper Making Machines—all types
- "Beloit" Removable Fourdriniers
- Millspaugh Suction Couch and Suction Press Rolls
- Rubber Covered Rolls
- Millspaugh Shower Pipes
- Granite Top Press Rolls
- Calender Stacks Pope Reels English Reels
- 2 Drum Winders—with equal or unequal Drums
- "M. & W." 4 Drum Winders
- Beaters
- Jordans

Hydraulic Machinery

- I. P. Morris Hydraulic Turbines
- Pelton Water Wheels
- Johnson Hydraulic Valves
- Moody Spiral Pumps
- Large Gate & Pivot Valves
- Machinery to special design

Kaelin Electric Steam Generators

For utilizing surplus or off-peak power. Outstanding features are:

- Rapid Steam Production
- Low First Cost
- Low Maintenance Cost
- Low Labor Cost
- Compactness
- Cleanliness
- Simplicity
- Safety

Kaelin Electric Steam Generators have been built in capacities ranging from 100 K.W. to 42,000 K.W. at voltages from 550 to 13,200.

Alterations

Modernizing and re-building of all types of papermaking machinery to meet purchaser's requirements.

Roll Grinding

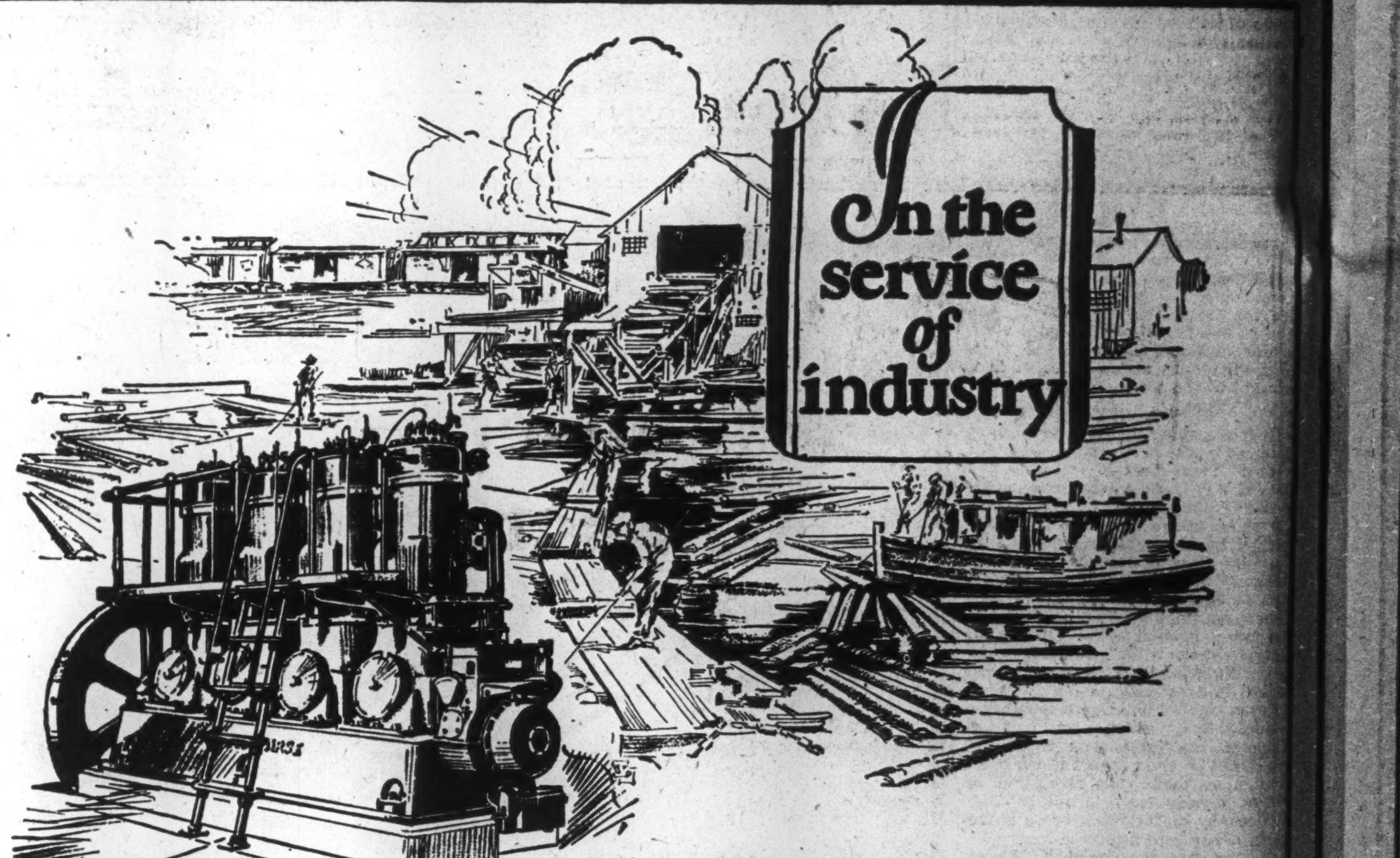
Dominion Engineering Works, Limited, operate a special department for the regrinding of rolls and cylinders. Capacity up to 12 feet diameter and 270 inch face.

- Granite Rolls
- Cast Iron and Chilled Rolls
- Steel Rolls
- Rubber Rolls
- Bronze Covered Rolls

DOMINION ENGINEERING WORKS
LIMITED
MONTREAL CANADA

Cable Address, "DOMWORKS, MONTREAL"
Winnipeg Representatives: Dominion Bridge Co., Winnipeg, Man.
Vancouver Representatives: 626 Pender Street, West Vancouver, B.C.

Associated Companies
I. P. Morris Corporation, Philadelphia
The Pelton Water Wheel Company, San Francisco and New York


In the service of industry

Pulpwood and Lumbering

In the forests—as well as on the farms, in the mines, fisheries and factories of Canada—Fairbanks-Morse service and Fairbanks-Morse products play an important part in the service of Canadian industry.

In isolated mills, miles from the nearest city, where continuous service under strenuous conditions is essential, Fairbanks-Morse Diesel Oil Engines provide power for slashing and loading. Fairbanks-Morse Diesel Marine Engines drive the tugs which sweep and tow the logs, and Fairbanks-Morse Engines power the schooners which carry the pulpwood and lumber from port to port.

In the depots and camps you will find Fairbanks-Morse Forest Fire Pumps ready to be transported by canoe, pack horse, auto or aeroplane—to stand up sturdily in the gruelling fight against fire, the greatest enemy of our forest wealth.

Many of the lines described and illustrated in our general catalogue are manufactured in our own factories. Other lines we distribute for manufacturers who, by specialization, have made themselves preeminent in their special field. Our commanding position enables us to select the best for our customers.

- Fairbanks Scales, Valves
- Fairbanks-Morse
- Stationary Oil Engines
- Marine Oil Engines
- Pumps, Generators, Motors
- Forest Fire Pumps
- Pratt & Cady Valves
- Reading Steel Valves
- Pipe and Fittings
- Steam Specialties
- Machine Tools
- Transmission Equipment
- Graton & Knight Leather Belting
- Dick's Balata Belting
- Trucks and Contractors' Supplies
- Deckle Straps
- Ashcroft Paper Testers
- Yale Hoists
- Shop Supplies
- Automotive Equipment

522

The CANADIAN
Fairbanks-Morse
COMPANY-Limited
St. John-Quebec-Montreal-Ottawa-Toronto-Windsor-Winnipeg-Regina-Calgary-Vancouver-Victoria
THE MAKERS OF FAIRBANKS SCALES AND VALVES

B. C. Pulp & Paper

Improves Grade of Output —Future Depends on Market for Sulphite

In 1927 the British Columbia Pulp and Paper Company had its earnings affected by the declining markets for sulphite pulp. This year, although the market for sulphite pulp has again weakened, earnings are understood to be not much below the level of 1927. Hence, the company is probably earning enough to meet the dividend requirements on its preferred shares. The outlook for the future depends on the ups and downs in the price of sulphite. At the moment, the outlook for the pulp market is about as unsatisfactory as that which prevails for most other grades of pulp and paper.

The B. C. Pulp and Paper Company contemplates erecting a power development at its Port Alice plant which would tend to reduce operating costs. During the past year the company has made material improvements at both its Woodfibre and Port Alice plants. The output of both mills has been increased and various economies have been effected in their operation. The third plant of the company at Swanson Bay is not being operated. The mills produce both bleached and unbleached pulp and have steadily been improving the quality of their product.

Makes Plant Extensions

Despite the unsatisfactory markets for sulphite, the company has been making substantial allowance for expenditures to better its plant; in the twelve months period preceding June 30 last, an expenditure of over $375,000 was made on capital account.

The Woodfibre plant now has a capacity of 120 tons of easy bleaching sulphite pulp. The Port Alice plant turns out 110 tons of bleached sulphite per day. The Swanson Bay plant is a combined shingle, lumber and pulp mill with a capacity of 40 tons of pulp daily.

The three plants originally began operations as separate enterprises, but were consolidated into the Whalen Pulp and Paper Company. Later, due to financial difficulties, the Whalen project was reorganized into the B. C. Pulp and Paper Company. The preferred shares of the present company were given to the original first mortgage bond holders of the Whalen Company in lieu of their arrears of interest. The bond holders of the old company were given bonds in the new company par for par. The company controls by lease 155,000 acres of timberland from the B. C. Government.

The preferred shares are not listed, but can be obtained at a figure returning a high yield. The yield, of course, shows that the shares are only a hold for a business man. They are somewhat speculative in view of the sulphite pulp situation.

Capitalization—

	Authorized	Outstanding
Common (n.p.v.).	150,000 shs.	100,000 shs.
Pref. 7% cum....	$1,000,000	$556,200

Funded Debt—
6% first mortgage sinking fund bonds, due 1950; issued $3,707,500. 7% general mortgage sinking fund bonds, due 1950; issued and outstanding $1,500,000.

Dividend Record—
Preferred 7% per annum payable quarterly. Initial dividend of $8.75 a share paid Feb., 1927, representing all accumulated dividends and paid quarterly thereafter to April, 1928. Common, none paid.

Officers and Directors—
L. Killam, pres. and man. dir.; O. A. Jorgenson, treas.; Geo. Kidd, Vancouver; F. S. Bell, sec., Montreal; R. C. Buchanan, W. J. Blake-Wilson, W. H. Malkin, Vancouver; I. W. Killam, Dr. V. R. Mitchell, W. C. Pitfield, Montreal.

Property—Company leases approx. 155,000 acres of timber lands, estimated to contain 4,000,000,000 ft. of timber.

Income and Surplus Account
(Year Ending December 31)

	1927	1926
Net earnings	$777,551	$807,232
Deduct:		
Bond interest	327,450	320,420
Depreciation	384,861	374,752
Taxes	17,270	31,000
Net profits	47,969	81,060
Deduct pref. dividends .	38,934	38,934
Surplus for year	9,035	42,126
Add previous surplus ...	42,126	......
Bal. Carried Forward .	$51,162	$42,126

Great Lakes Paper

Groundwood Pulp Operation is Expanded to Newsprint Making

Great Lakes Paper Co. has for several years owned and operated a groundwood pulp mill at Fort William. This year, a bond issue of $10,000,000 was offered the public to finance the expansion of the company into a newsprint producer with a capacity of 100,000 tons annually. The company has cutting rights from crown lands which, it is estimated, are sufficient to supply the mills with 200,000 tons annually for 50 years.

Estimates of earnings, before depreciation, in 1929 are $1,812,000, while bond interest requires $600,000 annually. It is pointed out that the estimates are based on newsprint prices which are believed to be below normal.

The company is wholly owned, through ownership of outstanding common stock, by the Backus-Brooks Co. of Minneapolis, which also owns 85 per cent. of the common stock of the Minnesota & Ontario Paper Co.

Capitalization—	Authorized	Issued
Common (n.p.v.)	500,000 shs.	500,000 shs.
Pref. class "A" 7% cum. ...... ($100 par).	$500,000	$500,000
Pref. class "B" 7% cum. .... ($100 par).	$1,500,000	$1,164,000

All outstanding stock owned by Backus-Brooks Co. of Minneapolis, Minn.

Funded Debt—
5½% first mortgage sinking fund bonds, series "A," due 1950; authorized and issued $10,000,000.

Officers and Directors—
E. W. Backus, pres.; S. W. Backus, vice-pres. and treas.; H. S. Gilkey, C. C. Honey, Minneapolis; George McLean, International Falls, Minn.; Dan McLeod, Kenora, Ont.; Strachan Johnston, sec.

Georgetown

The business of the Georgetown Coated Paper Mills, Ltd., was started in 1910 and the company now owns one of the most modern paper plants in Canada, with an average daily output of 20,000 pounds of finished product.

An offering of $200,000 of first mortgage 6½ per cent. mortgage bonds was made a year ago, refunding the previous obligations of the company. There are no other securities of the company held by the public. There is ample security for the bonds and earnings are shown at more than five times the interest requirements.

Capitalization	Authorized	Issued
Common (n.p.v.)	7,006 shs.	7,006 shs.
Pref. 7% cum. ...... ($100 par).	$150,000	$110,000

Funded Debt—
6½% first mortgage sinking fund bonds, due 1947; authorized and issued $200,000.

Officers—
L. E. Fleck, pres. and man. dir.; J. A. Willoughby(vice-pres.; J. H. Bingham, sec.-treas.

Earnings—
Net earnings for 3 years ended Dec., 1926, averaged $67,873, over 5 times interest requirements on bonds outstanding.

Building Products

Company with St. Maurice Valley Forms Promising Subsidiary

Building Products, Ltd., is a company manufacturing shingles and other materials used by builders and in the last year, in conjunction with the St. Maurice Valley Corp., organized Forest Products, Ltd., which, it is believed, enhances the ultimate earning possibilities.

Building Products, Ltd., is an amalgamation of Bird & Son and the Ruberoid Co. Originally, investment interest was confined to the preferred stock but in the last year a block of common stock was offered to the public. This stock has done very well and the ultimate outlook is highly promising.

In 1927, the company acquired the Vulcanite Roofing division of the Beaver Co., and has developed a new product known as Insul Board.

Capitalization—	Authorized	Outstanding
Common "A" n.p.v.	105,360 shs.	105,360 shs.
Common "B" n.p.v.	4,500 shs.	4,500 shs.
Pref. 7% cum. .. ($100 par).	$750,000	x$700,000

x$50,000 of preferred stock retired during 1927, by purchase.

Common stock, par value, reduced from $100 to no par value in 1927, class "A" becoming non-voting, and class "B" voting.

Dividend Record—
Preferred—7% per annum, cumulative from Oct., 1925. Initial dividend paid Jan., 1926, and quarterly since.
Common—Class "A" and class "B"—$1.20 per share per annum, payable quarterly. First paid Jan., 1928.

Officers and Directors—
P. R. Allen, pres., East Walpole, Mass.; W. R. McNeill, vice-pres. and man. dir., Montreal; Herbert Abraham, chairman, New York; A. E. Ames, Toronto; C. P. Cowan, D. P. Hatch, G. M. McKee, Montreal; H. R. Tudhope, C. B. McNaught, Toronto; R. C. Crocker, sec.-treas.

CONSOLIDATED INCOME AND SURPLUS ACCOUNT
Years Ending Dec. 31

	1927	1926	1925
Net profits	331,737	209,999	89,207
Less appropriations:			
Preferred div.	50,750	52,500	13,006
Common div. ...	32,958	.....	*35,994
Conting. reserve	......	43,466	......
Surplus for year ..	248,029	114,033	40,207
Add prev. surp. ...	154,240	40,207	......
Bal. carried for. .	$402,269	$154,240	$40,207

*Dividends and interest of constituent companies paid prior to acquisition of these securities by the company.

Market Record—

	x1928 H	x1928 L	1927 H	1927 L	1926 H	1926 L
Common	47	29½	34½	28¼	..	..
	106	102½	105	93½	94	83

x To Sept. 11.

Spruce Falls

Northern Ontario Enterprise Begins to Produce—Will be One of Largest Individual Mills on Continent

Spruce Falls Power & Paper Co., at Kapuskasing, Ont., is one of the large newsprint developments of recent years, the total cost of the enterprise at Kapuskasing and Smoky Falls being something like $37,000,000. The company in the last few weeks began to operate the four machines which were ordered from Dominion Engineering Works.

By 1929, the capacity of the plant will be 550 tons of newsprint daily, about 70 per cent. of which will go to the New York Times and the balance of which will be sold in the open market. In the meantime, the paper for the Toronto Mail & Empire is being made at Spruce Falls, a similar amount of paper for the Times going from a mill on the seacoast, thus saving freight rates for both newspapers.

Build 50-Mile Railway

Completion of the newsprint mill has been accomplished in a little more than two years. The magnitude of the work may be appreciated when it is recalled that the company found it necessary to construct a standard-gauge railway for 50 miles north from Kapuskasing to Smoky Falls on the Mattagam river. The bulk of the power is generated at Smoky Falls and transmitted by a new line paralleling the railway to Kapuskasing, where is located the paper mill.

All of the capital stock of the Spruce Falls Power & Paper Co. is owned by the New York Times and the Kimberly-Clark Co. The Kimberly-Clark Co. for a number of years has operated a sulphite mill at Spruce Falls and will continue to take raw materials for one of its largely advertised products from this source.

Public investment interest in this company is confined to $13,000,000 of the $15,000,000 of 5½ per cent. mortgage bonds which are a prior charge on the property. They represent only about 40 per cent. of the appraised value of the properties in Northern Ontario.

A portion of these bonds were sold in Canada but the bulk of the capital, including the capital provided by the New York Times and the Kimberly-Clark Co., comes from the United States. The value of this enterprise to Canada is demonstrated by the fact that there will be 200,000 tons of outgoing freight for the Canadian National Railways along a stretch of line which has all too few feeders at the present time.

The building of the standard gauge railway was necessary to facilitate the construction of the power plant at Smoky Falls, where there is a head, as the result of dam construction of the roadbed and the power development of 75,000 horsepower.

Construction work at the main power houses and along the railway, which had to be built through a country devoid of wagon roads or water passages, was facilitated by the existence of the 2,500 horsepower plant at Kapuskasing. This will be used in future as an auxiliary and emergency power house. The railroad passes through some of the most rugged country in the north and there were frequent difficulties to be solved. The company had to cache large quantities of supplies at various points along the line through the winter of 1926 so that the construction of the roadbed and the concrete base for the transmission towers would not be delayed in the summer months when concrete work was possible. This work was finished in November, 1926, and the work in 1927 and 1928 has been on power house, dam, turbines and paper mill.

Plans were made last year to make a model town out of the frontier settlement of Kapuskasing, known heretofore to the public principally as a place of internment for enemy aliens during the war. The company owned more than half the municipality across the river, broadened at the bend, from the paper mill. On this land a community of gently curving thoroughfares was laid out and the land which sloped gradually to the waterfront was converted into one of the prettiest of civic parks. The company operates a modern hotel of 129 rooms and the town now has every civic improvement in the way of sewers, lights, waterworks and pavements.

Capitalization—	Authorized	Issued
1st pref., 7% cum. ($100 par)	$6,500,000	$6,500,000
2nd pref., 7% cum. ($100 par)	5,500,000	5,000,100
Common (n.p.v.)	200,000 shs.	200,000 shs.

Entire capital stock owned jointly by Kimberly-Clark Co., Neenah, Wis., and the New York Times Co.

Funded Debt—
5½% first mortgage serial bonds; outstanding $15,000,000, of which $2,000,000 were reserved for subscription by the company's employees; due $500,000 semi-annually Oct. 1, 1930, to April 1, 1943.

Officers and Directors—
F. J. Sensenbrenner, pres., Neenah, Wis.; J. H. Black, vice-pres. and gen. mgr., Toronto; J. C. Kimberly, treas.; Ernst Mahler, treas., Neenah, Wisc.; Adolph S. Ochs, A. S. Sulzberger, J. O. Adler, New York.

Lincoln Paper Mills

C. Howard Smith and Harold Crabtree recently bought the Lincoln Paper Mills, Merritton, Ont., which was among the last of the smaller companies manufacturing book and coated papers in Canada. While Mr. Smith is president and Mr. Crabtree is managing director of the Howard Smith Paper Mills, it is understood that this latest purchase is for their personal account and it is not known if, eventually, the Lincoln Paper Mills will become a part of the Howard Smith Paper Mills organization.

Lincoln Pulp & Paper Mills owns a plant at Cascapedia, P.Q., as well as Merritton. The mills at Merritton include a sulphite pulp mill, a flour-sack mill and two paper mills. In Quebec, the company owns a sawmill and pulpwood mill and 280 square miles of timber limits. The production is 50 tons of sulphite, 30 tons of paper and 30,000 bags daily. R. Home Smith has been president of the company.

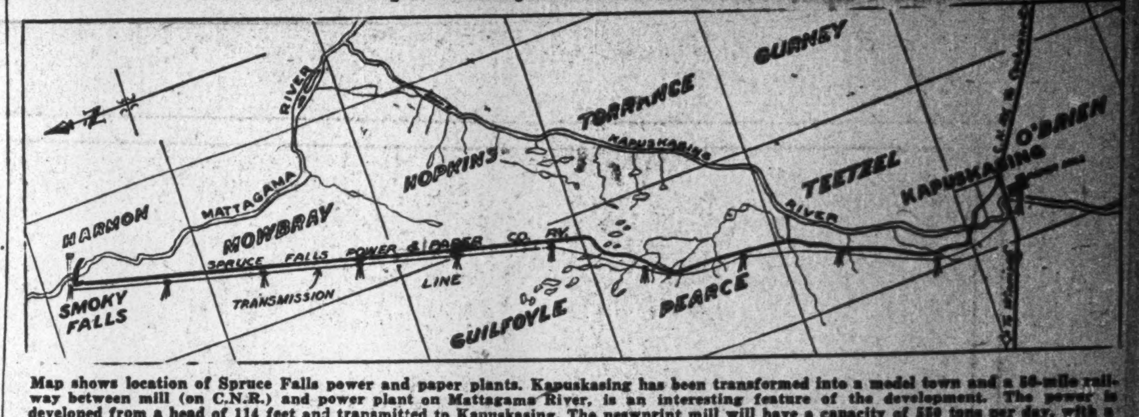
Capitalization—	Authorized	Issued
Common (n.p.v.) ...	6,000 shs.	6,000 shs.
Pre-pref. ($100 par)	$200,000	$200,000
Pref. ($100 par) ..	$1,250,000	$1,139,000

Funded Debt—
7½% first mortgage sinking fund bonds, due 1942; outstanding $968,000.

Officers and Directors—
R. Home Smith, pres.; T. A. Woodruff, vice-pres.; H. H. Collier, K.C., vice-pres.; K. S. Maclachlan, gen. mgr.; Geo. C. Winlow, sales mgr.; Hon. W. A. Smith, R. A. Stinson, R. J. Boyle.

Production—
50 tons sulphite pulp, 30 tons paper, 30,000 bags daily.

Ontario Newsprint Project Involved Building Railway



Map shows location of Spruce Falls power and paper plants. Kapuskasing has been transformed into a model town and a 50-mile railway between mill (on C.N.R.) and power plant on Mattagama River, is an interesting feature of the development. The power is developed from a head of 114 feet and transmitted to Kapuskasing. The newsprint mill will have a capacity of 550 tons per day, with a surplus of sulphite which will be taken by Kimberly-Clark Co.

The Strongest Barking Drum Ever Built

We built our first barking drum over twenty years ago, and 20 years' experience has gone into our latest design.

The enormous expansion of the Pulp & Paper Industry and a constant demand for increased production has forced a radical change in drum design, size and construction. As usual, we were the first to meet this demand. Our latest design drum will out-last any barking drum we know of, with maintenance costs practically eliminated. This drum costs more to build, but your barked wood will cost less. The purchase price of a William Hamilton Barking Drum represents a "drum life" investment that makes it the cheapest drum on the market.

DESIGNED to eliminate maintenance costs—WEIGHT, to carry capacity loads—ROLLER BEARINGS to lower power costs—STEEL and NICKEL-IRON throughout, and REINFORCED to stand the wear of years.

All of the improvements in this drum are patented.

We will gladly mail specifications on request.

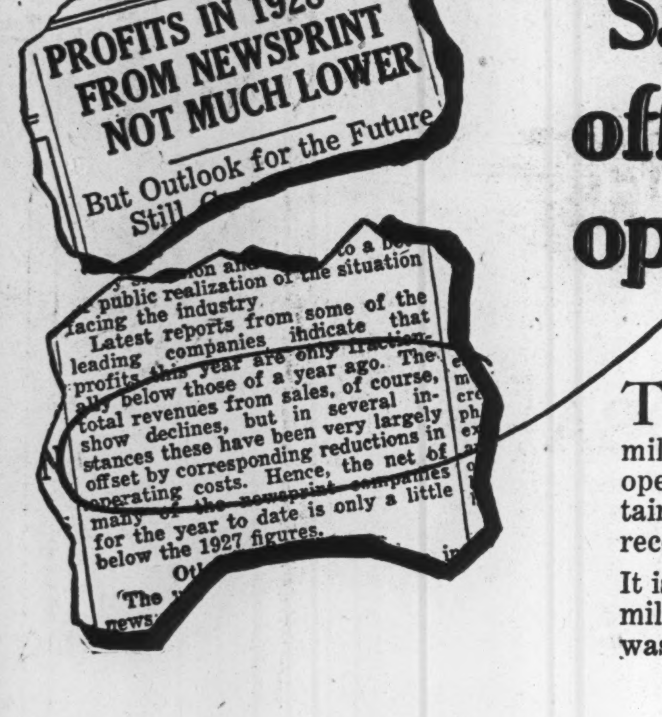
WILLIAM HAMILTON LIMITED
PETERBOROUGH, ONT.

Eastern Sales Office: CANADA CEMENT BLDG., MONTREAL

WINNIPEG
Kipp-Kelly, Limited

VANCOUVER
General Machinery and Heating Supplies, Ltd.

NEW GLASGOW, N.S.
R. C. Grant, Maritime Bldg.



PROFITS IN 1928 FROM NEWSPRINT NOT MUCH LOWER

But Outlook for the Future Still

... public realization of the situation facing the industry.

Latest reports from some of the leading companies indicate that profits this year are only fractionally below those of a year ago. The total revenues from sales, of course, show declines, but in several instances these have been very largely offset by corresponding reductions in operating costs. Hence, the net of many of the newsprint companies for the year to date is only a little below the 1927 figures.

Sales declines offset by reduced operating costs

THE little paragraph reproduced here fully explains how leading Canadian newsprint mills were prepared and equipped to effect operating economies for the purpose of maintaining profit margins in a period of market recession.

It is significant that practically all these leading mills are equipped with Ross Systems to utilize waste and cut costs.

HOW OPERATING COSTS ARE BEING REDUCED

Ross Briner Economizer
Endorsed as the only logical method for utilizing heat units in waste vapor from machines, thereby greatly reducing steam costs and boiler loads.

Ross-Grewin System
High pressure ventilation that materially reduces pressure in the dryers and insures even drying across the sheet. From 7% to 10% saving of steam and reduced felt cost.

Ross Grinder Exhaust
Reduces labor cost by improving working conditions through elimination of fog. Expelled vapor may be utilized for heating purposes with consequent saving of steam.

Discussing your heating and ventilating problems with Ross Engineers can lead to reduced costs in your plant!

ROSS ENGINEERING OF CANADA, LIMITED
New Birks Bldg.—Montreal.

ROSS SYSTEMS
HEATING—VENTILATING—DRYING

QUEBEC

JE ME SOUVIENS

The Premier Province in Pulp and Paper Production

This leadership and expansion is based on the solid foundation of:—

AMPLE WOOD SUPPLIES, ABUNDANT WATER POWER, CAPABLE CONTENTED WORKMEN, SOUND GOVERNMENT POLICIES.

Of the 114 pulp and paper mills in Canada, 50 are in the Province of Quebec. Of the $580,000,000 invested in the industry in Canada at the end of 1927, $295,500,000 was invested in the Province of Quebec, and most of this investment has been made during the past 36 years when investment confidence in the opportunities of Quebec's forests has grown apace.

Quebec is the leading producer both of wood pulp and paper in the Dominion. In 1927 production of paper was $92,000,000 and of wood pulp $61,000,000.

Recent Expansion of the Industry

That the industry is on a sound foundation in the province of Quebec is amply evidenced by the expansion of the pulp and paper mills in the province. The conclusion of the 1927 calendar year witnessed the following extensions to the Quebec section of the Canadian pulp and paper industry during the twelve months' period:—

Ste. Anne Paper Company, 250 tons; Anglo-Canadian Pulp and Paper Mills, 250 tons; Belgo-Canadian Paper Company, 200 tons; Port Alfred Pulp and Paper Corporation, 200 tons; St. Lawrence Paper Mill, 150 tons; Brompton Pulp and Paper Company, 110 tons; Canadian International Paper Company, 600 tons; Lake St. John Power and Paper Company, 200 tons; Price Brothers, 200 tons.

Government Co-operation

¶ Daily the Department of Lands and Forests is giving the closest co-operation to those who are developing and to those about to develop the forests. ¶ With forests covering more than 130 million acres, with a value of well over a billion dollars, capital is being invested daily. ¶ With the object of conserving the forests, the Department of Lands and Forests ensures that lease holders maintain a certain portion of the forest stand for regeneration purposes, maintains an organization for reducing fire loss to a minimum, and enforces rules with regard to burning brush, etc. ¶ The regulations which have been adopted are as much a help to the operating companies as they are to the province, with the result that capital investment is in no way hindered.

For information write HON. HONORE MERCIER, Minister of Lands and Forests, QUEBEC

ABITIBI POWER & PAPER COMPANY

LIMITED

MONTREAL, QUE.

Owning and Operating Mills at:

MURRAY BAY, QUE. SAULT STE. MARIE, ONT.
BEAUPRE, QUE. IROQUOIS FALLS, ONT.
SMOOTH ROCK FALLS, ONT.
STURGEON FALLS, ONT.
ESPANOLA, ONT.
FORT WILLIAM, ONT. PINE FALLS, MANITOBA

DAILY CAPACITY 2200 TONS NEWSPRINT
GROUNDWOOD PULP NEWS SULPHITE PULP
HIGH GRADE BLEACHED SULPHITE PULP

Canada Power & Paper

Occupies Extraordinarily Strong Liquid Position — Large Newsprint Producer with a Not Insubstantial Output of Other Grades

The present liquid position of the Canada Power and Paper Corporation appears to be stronger than that of any other paper company on the continent. All information obtainable indicates that current assets are about six times the current liabilities. A consolidated balance sheet of the Canada Power and Paper Corporation as at the end of 1927 after giving effect to the acquisition of the Laurentide Company, showed current assets of $19,500,000 against current liabilities of $6,100,000 leaving a net working capital then of $13,400,000.

In the sale of the Laurentide Power Company, Canada Power and Paper received $10,800,000 in cash and 72,000 shares of Shawinigan, which at present have a market value of some $6,480,000. The addition of these figures to current assets would bring the working capital up to some $30,600,000, provided there has been no decline in the working capital position of the company since the close of 1927. Of course, there has probably been some decline in the company's current assets since the first of January, but nevertheless it is probable that the changes in the current assets and current liabilities have not been such as to alter materially the picture of the company's liquid position presented in these figures.

Augments Annual Profits

By the sale of Laurentide Power, Canada Power and Paper should obtain a total annual revenue from the proceeds of the sale of some $684,000, as against an annual revenue up to the date of the sale of $360,000 from its holdings of Laurentide Power shares.

Canada Power and Paper is both an operating and holding company with a total daily rated capacity at its mills of some 1,300 tons of newsprint.

It owns virtually all the common shares of the Laurentide Company, the Belgo-Canadian Paper Company, the St. Maurice Valley Corporation and the Canada Paper Company. The last three companies have bonds and preferred stock outstanding.

As the Laurentide Company has no bonds and its entire capitalization consists of common stock, the Canada Power and Paper Company owns this property outright through the ownership of virtually all the common shares of the company.

Holds Only Securities

The fixed assets of the Canada Power and Paper consist of its stock holdings in Laurentide and the common shares of the St. Maurice Valley Corporation. This last subsidiary in turn owns the common shares of the Canada Paper and the Belgo-Canadian Companies. The outstanding bonds and preferred shares of St. Maurice, Belgo and Canada Power amount in round figures to $39,000,000. These securities of course underlie the outstanding securities of the Canada Power and Paper Corporation.

At the moment, it is not thought that the Canada Power and Paper is to retire any of its underlying bonds or preferred stock issues with the funds realized from the sale of the Laurentide Power Company to Shawinigan, but as the company's financial structure is somewhat complex it seems not improbable that eventually some of the underlying issues may be redeemed.

The Canada Power and Paper Corporation mills are running at a scale of capacity higher than some of the other producers, but of course not so high as those mills which have entered into long term contracts with large users of newsprint in the United States. The outlook for the future of the newsprint industry as a whole virtually coincides with the outlook for Canada Power and Paper Corporation, for while the St. Maurice plant produces a surplus of sulphate pulp and while the Canada Paper Company produces fine paper, paper boxes and paperboard, yet the subsidiary activities of the company play only a part in building up its annual profits, hence, the promising and unpromising speculative features surrounding every other newsprint company affect the shares of the Canada Power and Paper Corporation.

Has Outstanding Debentures

Canada Power and Paper has no bonds outstanding other than those of its subsidiaries. It has debentures, though. Underlying securities amounting to some $39,000,000 rank senior to these debentures.

During the past two years, the average combined net earnings of the companies now comprising the Canada Power and Paper available for interest on its debentures were $3,180,869, or more than twice the annual interest requirement on the debentures. Through the sale of the Laurentide Power Company, the annual revenues of the corporation from the proceeds of the sale will be increased by a figure equal approximately to 20 per cent. of the net revenues which would have accrued to the common shares of Canada Power in 1927 or in 1926, had the corporation been in existence during those years.

The subsidiaries of Canada Power and Paper are reviewed individually in this issue as, with the exception of Laurentide, there is a large investment interest in each company. The location of the subsidiary companies has permitted many savings in operating costs to be effected. All three newsprint plants are located on the St. Maurice River. But the plant at Three Rivers is situated also on the St. Lawrence, where it is in a position to utilize most economically the wood resources of the corporation located elsewhere than on the St. Maurice River.

Properties Are Large

Properties controlled by the corporation include four important newsprint paper and pulp mills having a combined capacity of more than 1,400 tons of paper products per day, or an annual capacity of 395,000 tons newsprint, 15,000 tons cardboard, 22,500 tons wrapping, book and writing papers and white and colored specialties, as well as 18,000 tons kraft pulp, and a large output of other paper products.

The corporation also controls, through subsidiary companies, pulpwood areas estimated to contain more than 37,000,000 cords of pulpwood, sufficient for a practically perpetual supply of pulpwood at full rated capacities of the mills. Adequate hydro-electric and hydraulic power is assured through long term and favorable contracts with Shawinigan Water & Power Company.

In addition, through St. Maurice Valley Corporation, Canada Power & Paper Corporation controls one-third of the capital stock of the Anticosti Corporation, which owns outright the Island of Anticosti, having an estimated pulpwood content of 15,000,000 cords.

The corporation's activities are carried out in four sections; these are the Laurentide, Belgo, St. Maurice and Canada Paper divisions. The capacity of the Laurentide plant amounts to 375 tons of newsprint and 50 tons of pulp board daily. The production at the other three divisions of the corporation is contained in the reviews of the other three subsidiary companies. The total daily capacity of all the plants amounts to some 1,500 tons of pulp and paper products.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	750,000 shs.	688,000 shs.

228,000 shares issued in exchange for shares of Laurentide Co., on share for share basis; 400,000 for shares of St. Maurice Valley Corp. on basis of 2½ shares for each share held.

Funded Debt—

5½% collateral trust, sinking fund debentures, due 1958; authorized $100,000,000, issued $28,800,000.

Shareholders of Laurentide Co. were given $100 principal amount of these debentures, in addition to one common share, for each common share exchanged.

Officers and Directors—

Sir Herbert S. Holt, chairman, Montreal; G. Chahoon, Jr., pres., Grand'Mere, Que.; Geo. M. McKee, vice pres. and man. dir., Montreal; G. H. Montgomery, Sir Vincent Meredith, Sir Lomer Gouin, A. Cross, J. W. McConnell, Edwin Hanson, Montreal; C. B. NcNaught, W. E. Wilder, J. H. Gundy, Toronto; F. A. Sabbaton, Grand'Mere, Que.; F. G. Bush, sec.

Earnings—

Average combined annual net earnings of the Laurentide Co., and St. Maurice Valley Corp. and their subsidiaries, for two years ended Dec. 31, 1927, after all charges, were $3,180,689.

Canada Power and Paper and Associated Companies

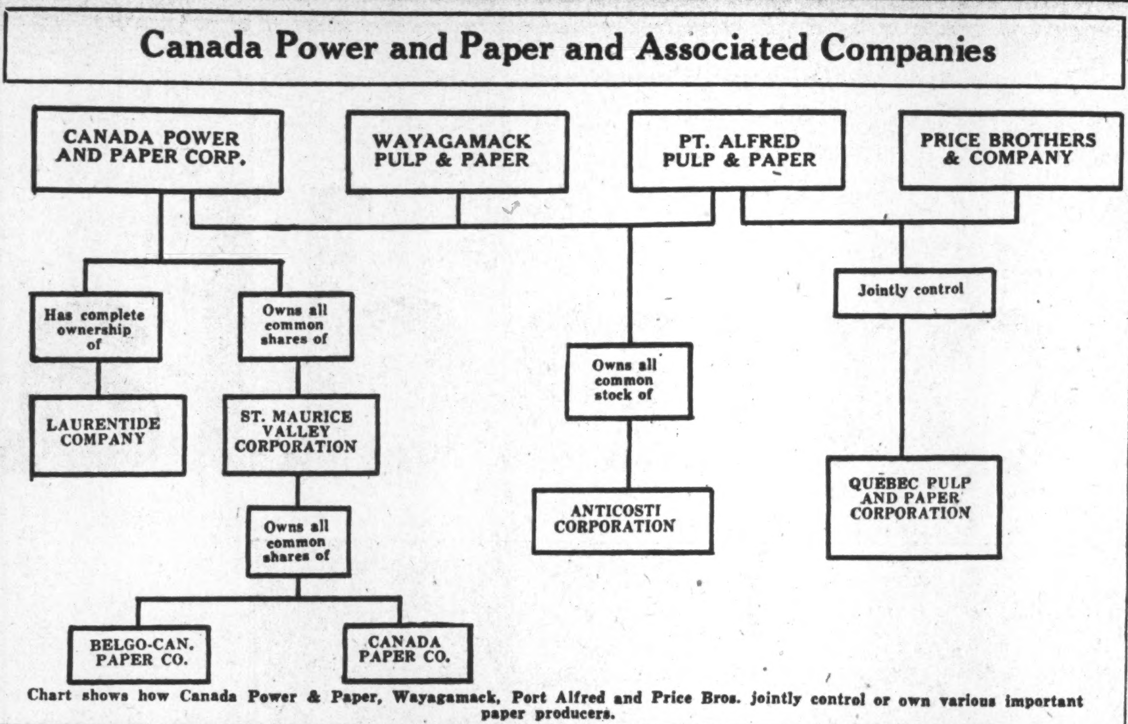


Chart shows how Canada Power & Paper, Wayagamack, Port Alfred and Price Bros. jointly control or own various important paper producers.

Belgo Canadian

Investment interest in the Belgo Canadian Paper Company is confined to its bonds and preferred shares issues, virtually all the outstanding common is in the hands of the St. Maurice Valley Corporation, which in turn is owned by the Canada Power & Paper Corporation through the ownership of all the common stock of the St. Maurice Valley Corp. The business and properties of Belgo are leased and operated by the parent corporation. Under the terms of the lease, the St. Maurice Valley Corporation undertakes to pay interest and fixed charges of Belgo bonds and dividends of Belgo preferred. The preferred dividends, therefore, of Belgo are really an obligation of the Canada Power and Paper. The Belgo Canadian preferred dividends are dependent not only on the earning power of the mill, but also are the more secure through the lease of the property to the parent company, which in reality is the Canada Power & Paper Corporation.

The bonds of Belgo are indeed amply secured. The Belgo mills have a long record of successful operations behind them and are regarded as low cost producers. The capacity of the mills is 600 tons of newsprint a day. There are eight newsprint machines in the mill. The limits are estimated to contain 6,000,000 cords of pulpwood. Belgo's earnings are not published separately but are consolidated with those of the parent organization.

Belgo obtains its power at low cost; it is supplied with a large block of hydraulic power from the Shawinigan Water & Power Company. This was purchased when Shawinigan was first completing its developments at Shawinigan Falls. It is estimated that the company at the end of forty years will have 80 per cent. of the timber resources which it owns today. The timber resources contain about 40 years' wood supply and allowing for regrowth it is estimated that at the end of that time the timber will show only a 20 per cent. decrease.

The preferred dividends of Belgo are an underlying obligation of the St. Maurice Valley Corporation and the Canada Power and Paper Corporation and underlie the St. Maurice company's bond issue, which, while it is secured by a mortgage on the Three Rivers plant, is also secured by virtually all the common shares of the Belgo Canadian Company.

Capitalization—	Authorized	Issued
*Common ($100 par)	$8,500,000	$8,500,000
Pref. 7% cum., red. ($100 par)	5,000,000	5,000,000

*Over 99% owned by St. Maurice Valley Corp.

Funded Debt—

6% first mortgage sinking fund bonds, due 1943; outstanding, $9,224,000.

Dividends—

Preferred, 7% per annum; common 6% per annum; payable quarterly. Common passed May and August, 1928.

Officers and Directors—

Sir Herbert Holt, president; G. M. McKee, A. Cross, F. Faure, vice-presidents, Montreal; J. H. Gundy, vice-pres., Toronto; G. W. Hodgson, sec.-treas.

Production—

Properties include 6 newsprint machines with annual capacity of 120,000 tons of newsprint paper.

Market Record—

	†1928		1927		1926	
Preferred	110	101	110	101	102½	95¾

†To Sept. 11.

Canada Paper

Expansion Betters Investment Position of Outstanding Securities

Investment interest in the Canada Paper Company of which the Canada Power and Paper Corporation owns all the common shares, is confined to the subsidiary's bond and preferred stock issues, the investment position of which appears to have strengthened materially due to the growth of the Canada Paper Company's assets and the growth of the parent company.

At present, important changes are under way at the mills of the company. Both the St. Francis and the two mills at Windsor Mills, P.Q., are included in the program of expansion. The St. Francis mill is to manufacture white paper only, while the Windsor property is being re-equipped to manufacture coloured paper, kraft and other wrappings. The pulp producing capacity of the mills is being doubled.

The rehabilitation of the property has necessitated the addition of five new machines to its mills. To the St. Francis mill will be added a 150 inch machine and a 172 inch machine. At the Windsor mills three machines will be added, one 135 inch, one 192 inch and one 72 inch.

As in the past, the entire chemical pulp output of the company will be made at Windsor mills, and the output will be pumped through a 3,500 foot pipe line to the St. Francis mill.

The Canada Paper has been doing a satisfactory business for some years.

Four manufacturing units are operated; the fourth being the Toronto plant where is installed the complete equipment for the conversion of paper in the various paper commodities. The Toronto unit was formerly Kilgour Brothers.

The company owns 35,000 acres of freehold timberland and controls by lease, another 200 square miles. It produces 6,000 hydraulic horsepower from the St. Francis river. About 40 per cent. of the company's output is sold domestically and the remainder is sold abroad. The annual capacity of the plants excluding the present expansion program amounts to 13,500 tons of newsprint, 7,500 tons of wrapping, books, writing and specialties, 29,000,000 paper boxes, 300,000,000 paper bags and 60,000,000 shipping bags.

The company issues no annual report, but its operations are consolidated in the annual report of the Canada Power and Paper Corporation. It is understood that Canada Paper is to confine its future operations to the manufacture of papers other than newsprint.

Capitalization—	Authorized	Outstanding
*Common (n.p.v.)	20,000 shs.	20,000 shs.
Pref. 7% cum. ... ($100 par).	$3,000,000	$1,250,000

*All owned by St. Maurice Valley Corp., which is controlled by Canada Power & Paper Corp.

Funded Debt—

6% first mortgage sinking fund bonds, series "A," due 1945; outstanding $1,917,600.

Dividend Record—

Preferred 7% per annum, payable quarterly. First dividend paid March 1, 1926.

Officers and Directors—

Sir Herbert S. Holt, chairman, Montreal; C. B. McNaught, pres., Toronto; F. J. Campbell, vice-pres. and man. dir., Windsor Mills, Que.; A. Cross, vice-pres., Montreal; J. H. Gundy, H. Balm, Toronto; C. R. Hosmer, F. W. Molson, G. M. McKee, Montreal; H. M. Thorne, sec.-treas.; G. W. Hodgson, compt., Montreal.

Production—

Annual capacity is 13,500 tons newsprint; 7,500 tons wrapping, book and writing papers, and white and colored specialties; 29,000,000 paper boxes; 300,000,000 paper bags; and 60,000,000 shipping tags. Reconstruction work is being carried out at the mills at St. Francis and Windsor Mills, Que., which will approximately double the capacity of the plant.

Algoma Pulp

Newcomer in Field Acquires Established Lumber Company

A newcomer in the newsprint field is the Algoma Pulp, Paper & Dock Co., financed a few weeks ago in London through the offering to the public of 350,000 8 per cent. participating preference shares of £1 par value and 350,000 shares (of 2,000,000 to be outstanding) ordinary shares at two shillings each. The Hon. James Lyons and Major-General Hogarth are the two Canadian directors of the enterprise.

The company was formed to purchase the lumbering business of Austin & Nicholson, which has cutting rights on 799 square miles of crown lands in Northern Ontario and it will build a dock and a newsprint mill at Michipicoten on Lake Superior. There is a splendid harbor at that point and there is a railway connection with the transcontinental lines through the Algoma Central & Hudson Bay Railway.

The capacity of the newsprint mill will be 200 tons per day. The cost will be $3,000,000.

Capitalization—	Authorized	Issued
8% pfd. £1 par, participating	350,000	350,000
Ordinary (n.p.v.)	2,000,000	2,000,000

Funded Debt—

Debentures to the amount of £800,000 are expected to be issued.

Earnings:

On completion of dock and newsprint, total earnings are expected to be £323,360 before interest and sinking fund, which, it is stated, should be sufficient for further dividend on preferred and dividend on ordinary shares after dividend is paid on ordinary stock.

Directors:

The Rt. Hon. Viscount Falkland, president; Lt.-Col. George Bridges, C.M.G., D.S.O.; Capt. Samuel R. Woodger; Major-General Donald M. Hogarth, M.P.P.; The Hon. James Lyons.

In the last twenty-six years the Canadian government has distributed over 95,000,000 trees to farmers in the Canadian prairie provinces — Manitoba, Saskatchewan and Alberta.

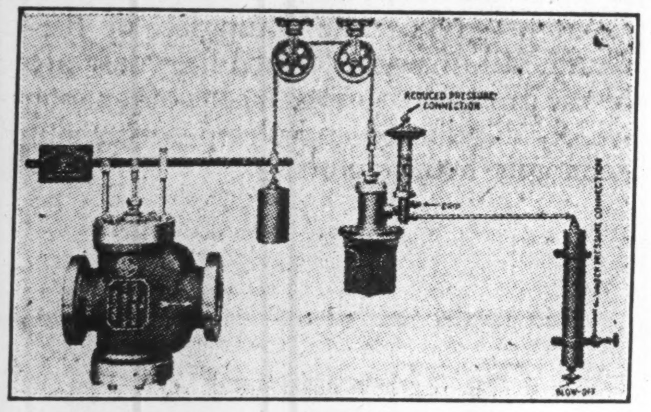
USE JOLIETTE STEEL CASTINGS

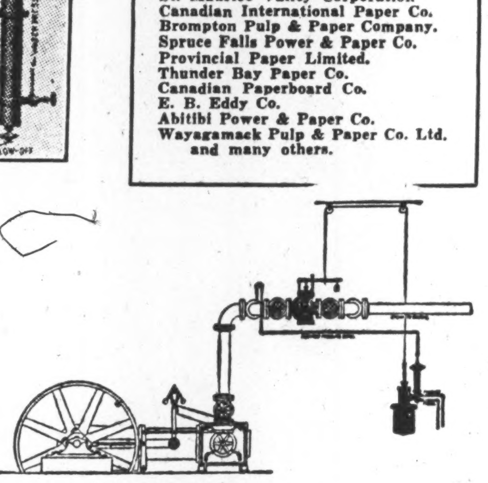
We specialize in the manufacture of steel and alloy castings of every design for Pulp and Paper Machine Builders as well as for repair castings for Paper Mills. May we receive your inquiries?

One of the 12'6" rings for New Type Drum Barkers being manufactured in our plant for William Hamilton Limited, Peterboro, Ont.

Our "Joliette-Orbit" Steel will give greater resistance to shock while our "Joliette-Tisco" Manganese Steel will give maximum resistance to abrasive wear.

JOLIETTE ORBIT
JOLIETTE STEEL LIMITED
JOLIETTE, P.Q.
JOLIETTE TISCO





FOR REGULATING STEAM PRESSURE TO ENGINES AND TURBINES

THE MASON No. 118 REGULATOR COMBINES SIMPLICITY WITH ACCURACY

Mason Pressure Regulators are giving reliable service in the following Mills:—

Spanish River Pulp & Paper Co.
Lake St. John Power & Paper Co.
Anglo-Canadian Pulp & Paper Mills
Price Bros. & Co., Ltd.
Howard Smith Paper Mills
Donnacona Paper Co.
Laurentide Co.
St. Maurice Valley Corporation
Canadian International Paper Co.
Brompton Pulp & Paper Company.
Spruce Falls Power & Paper Co.
Provincial Paper Limited.
Thunder Bay Paper Co.
Canadian Paperboard Co.
E. B. Eddy Co.
Abitibi Power & Paper Co.
Wayagamack Pulp & Paper Co. Ltd.
and many others.

By delivering a constant steam pressure on the engine or turbine governor valve, irrespective of fluctuations in boiler pressure, the Mason No. 118 Regulator enables the machine speed to be more closely regulated. By allowing the boiler pressure to fluctuate without causing corresponding changes in machine speed it enables the boilers to be operated at their most efficient rating.

This is but one of the Mason line of pressure regulators — and there is a Mason Regulator for every pressure control requirement. Our Engineering Department is at your service, without obligation. Why not take advantage of their experience?

Mason Regulators
TRADE MASON MARK
MASON REGULATOR CO. OF CAN. LIMITED
686 NOTRE DAME ST. W. MONTREAL

No. 11 of a series of advertisements featuring your industrial opportunity in Hull, P.Q.

Aeroplane View—City of Hull.

Does Your Manufacturing Success Depend on Accessible Forest Raw Materials and Abundant Hydro-Power?

Other Reasons for Your Industrial Success in Hull

Markets: Hull's location is central to Canada's largest and most concentrated markets.

Transportation: Fine transportation facilities are available—the Canadian Pacific Railway's direct trans-Canada route; the Canadian National Railways; water shipments to seaboard and to and from New York State; first-class roads for motor and truck traffic.

Labour is noted for its steadiness. Hull has been without a strike for over 30 years. Over 75 per cent. of the workers own their own homes.

Fire and police departments give adequate protection. Educational facilities are excellent—including a splendid technical school.

Hull has many fine factory sites for new industries with ample room for expansion. The Hull tax rate is low and a fixed assessment for ten years can be arranged.

CITÉ DE HULL

THE Ottawa Valley, of which the City of Hull is the gateway, is world famous as a great forest area.

The names of the E. B. Eddy Company, J. R. Booth & Sons — and now the Canadian International Paper Company and the Gatineau Power Company — are ones that have made and are making this Valley internationally known as a district of immense timber limits and tremendous hydro-power resources from which finished products of quality can be economically made.

Manufacturers seeking forest raw materials and abundant hydro-power together with other complete essentials for industrial success will find Hull the realization of their need.

Hull is the converging point of all the great power developments of the district. The present installed operating hydro-power capacity of the Gatineau Power Company in the Hull district exceeds 239,500 h.p., which will be increased to 443,500 h.p. with the opening in October of their great Paugan Falls plant, with its 204,000 h.p. installed capacity.

Quantity power, near at hand, means low transmission costs and cheap power. Rates vary from $18.00 to $28.00 according to requirements.

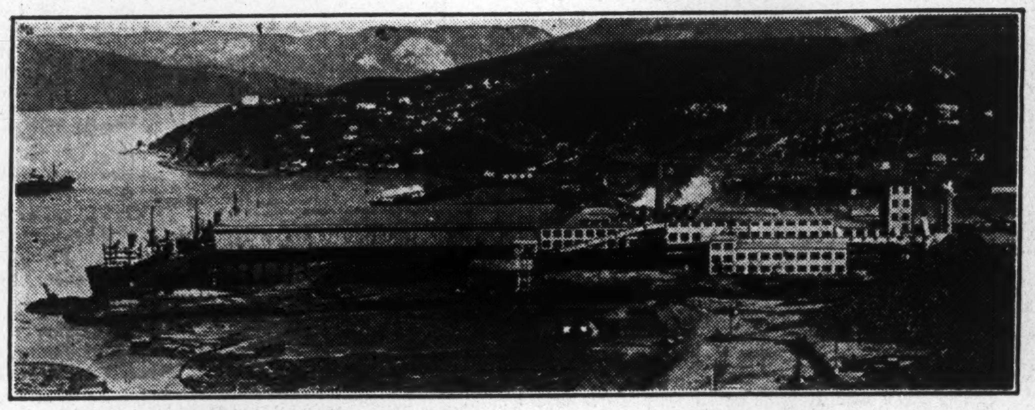
Industrialists are invited to investigate Hull's opportunities for profitable production.

For further information write Major Alban Laferriere, J.P., Director of Publicity, City of HULL, P.Q.

BRING YOUR INDUSTRY TO HULL, QUE.

Key City of a Great Hydro-Power and Industrial District

Newfoundland



The Cornerbrook Plant of the International Paper Company

A Dominant Place in the Pulp and Paper Industry

WITH the steady depletion of the world's available supply of pulpwood timber, the almost inexhaustible resources of Newfoundland and Labrador gain a new significance. They are important not only because the forest growth of the Dominion offers resources peculiarly suitable to paper making, but because the country's position, adjacent to the British market, and the great consuming centres of the Eastern United States.

These factors give a generous promise for the future of the industry, that has already reached large proportions.

Already Newfoundland has reached an important place in the pulp and paper manufacturing industry. Two of the largest paper mills in the world are located here, and further extensive development is assured in the course of the next two or three years.

The Anglo-Newfoundland Development Company was the first notable link in the chain of paper manufacturing. It operates at Grand Falls a mill of first magnitude, and controls a forest area of upwards of 4,000 square miles, with an annual cut of 120,000 cords of pulpwood.

At Bishop's Falls, in the same section there is a mill owned by Albert E. Reid and Company that controls 820 square miles of forest area.

The Cornerbrook plant of the International Paper Company of Newfoundland recently took over the assets of the Newfoundland Pulp and Paper Company, and has undertaken an aggressive policy of production. Under this company's agreement with the Newfoundland Government who negotiated the sale, the company is to spend $15,000,000 for enlargement of plant and for other purposes which by 1930 is to increase the output of the plant from 400 tons daily to 600 tons.

This company, while exempt from ordinary taxation is to pay $75,000 for four years and thereafter double that amount until 1973, which makes it a sound governmental asset.

Newfoundland's Growing Paper Production

As evidenced by the export figures, Newfoundland is steadily increasing its production of manufactured paper.

	Pulp and Sulphide	Manufactured Paper
1923-24	$531,833	$5,423,892
1924-25	215,896	6,272,886
1925-26	175,325	8,383,322

Government Offices St. John's Newfoundland

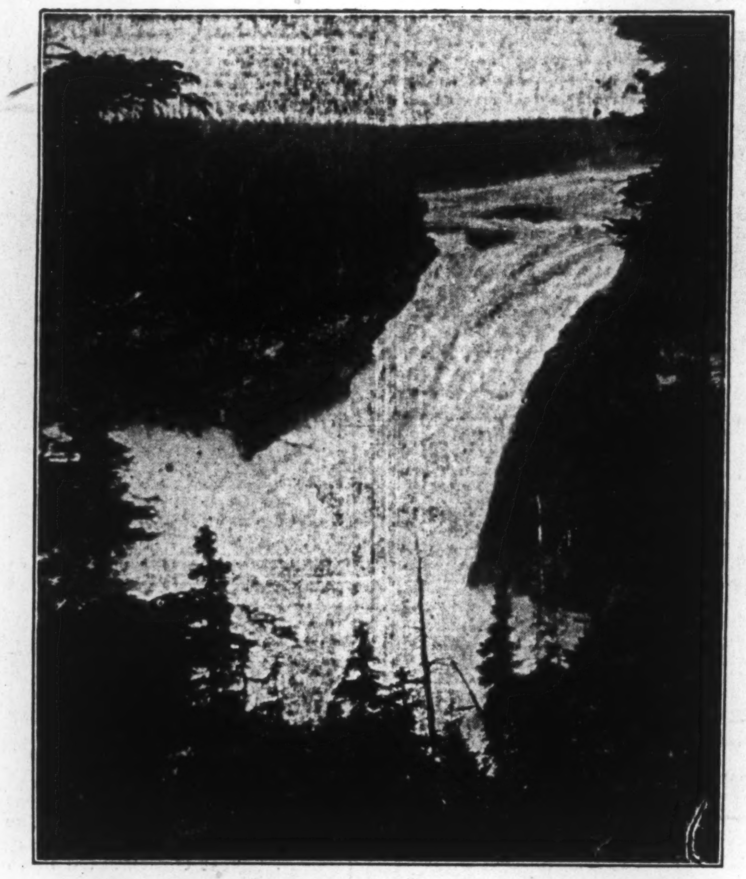
For Further Information Apply

HON. W. J. WALSH

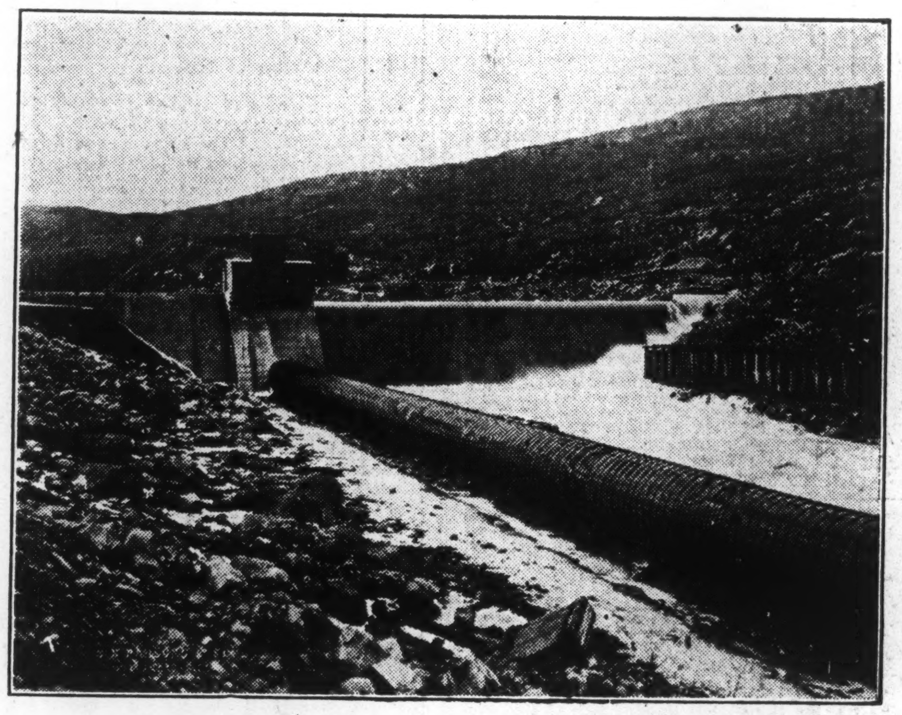
Minister of Agriculture and Mines

The Gander River Project

THE section in and about the Gander River is the greatest remaining pulpwood source within the Island itself. The possibilities of this section promise another great mill. Under its agreement with the Newfoundland Government, the International Paper Company of Newfoundland is to open this great section with an initial mill unit of 200 tons a day capacity, and this mill is to be completed by 1933. With this mill in operation the company will be producing 800 tons of paper a day, which will make this one of the greatest if not the greatest pulp and paper factors in the world today.



One of the Greatest Untouched Power Sites in the World — Grand Falls, Labrador



Dam at Petty Harbour, Newfoundland

Labrador the Last Great Pulpwood Reserve

WHILE conditions existing at the moment, make the development of the great potential pulpwood resources of Labrador uneconomic, the day is undoubtedly not very far distant when this great section will be an important factory in the paper industry. As the older and more accessible sections are worked out, and as transportation facilities are improved, this section will undoubtedly come into its own.

What Newfoundland Labrador has to offer is only dimly understood at this moment. Minerals are known to exist in abundance, and the development of these will go hand in hand with the pulp and power development.

Of Labrador's total 110,000 square miles, Newfoundland Labrador has approximately 60,000 square miles. Authorities who have visited the section estimate that, for the present at least roughly only about half of this area is an economic manufacturing possibility. But that still leaves some 30,000 square miles of timbered land that is admirably suited to pulp and paper making, being mainly forested in spruce, largely of the black spruce variety that has been found admirably suited to paper manufacturing. Of the balance perhaps one-tenth is fir or birch.

In regard to the economic possibilities the development of this section is not as far distant as some people imagine. The section is probably more accessible than many of the existing enterprises, being on deep water and within easy reach of the great world markets.

The availability of power in large volume is one of the factors that will make for the development of the section. Grand Falls on the Hamilton River is one of the greatest power sites in the world, and is close enough to the most accessible forest limits about Hamilton Inlet and Lake Melville to be a large factor in their development.

The Newfoundland government has adopted the wise policy of moving slowly in regard to the development of these assets, and the Labrador Bill prevents any unwise exploitation of these areas. But, undoubtedly Labrador will be one of the large factors in giving Newfoundland a dominant place in the paper industry.

Ample Power Resources Facilitate Development

Next to the magnificent forest resources in both Newfoundland and Labrador, the power situation of the country is the factor that is the most important element in assuring a rapid progress. The formation of the country, with the steady fall of water toward the coast protected and assured by the great lake storage basins of the interior, give an ample, widely distributed and cheap power supply that makes for economic manufacturing.

The Government of Newfoundland

Hon. Fred C. Alderdice, Prime Minister
Hon. M. S. Sullivan, Colonial Secretary
Hon. W. R. Howley, K.C., Minister of Justice
Hon. S. J. Foote, Minister of Finance and Customs
Hon. W. J. Walsh, Minister of Agriculture and Mines

WITHOUT PORTFOLIO

Hon. J. Alex Robinson, LL.D.
Hon. H. A. Winter, K.C.
Hon. J. A. W. McNeilly, K.C.
Hon. Jas. S. Ayre

NOT IN THE CABINET

W. McK. Chambers, Esq., Minister of Public Works
John G. Stone, Minister of Marine and Fisheries
H. Norman Burt, Minister of Posts and Telegraphs

St. Maurice Valley

Securities Junior to Belgo But Senior to Canada Power

The common stock of the St. Maurice Valley Corporation is virtually all held by the Canada Power and Paper Corporation, the parent company. The assets of the parent company consist of the complete ownership of the Laurentide Company through the ownership of that organization's outstanding capitalization and the common shares of the St. Maurice Valley Corporation.

The St. Maurice Valley Corporation is both a holding and an operating company. It owns a newsprint mill near Cap Madeleine, P.Q., and owns all the common shares of the Belgo Canadian paper. The Belgo mill is leased to St. Maurice Valley for an annual amount sufficient to meet Belgo fixed charges and Belgo preferred dividend requirements.

Controls Canada Paper Too

In addition, the St. Maurice Valley owns all the common stock of the Canada Paper Company and a one-third interest in the Anticosti Corporation which owns the extensive timber lands on Anticosti Island.

Because of the separate investment interest in the Anticosti Corporation, that company is reviewed separately in this issue.

The administration and operation of St. Maurice and its subsidiary companies is consolidated with that of the St. Maurice Valley Corporation and the Canada Power and Paper Corporation.

The company's owned and controlled property may be summarized as follows: The Three Rivers plant, formerly the St. Maurice Paper Company comprising a four machine newsprint mill with a daily capacity of 265 tons and a 65 ton sulphate pulp production; the Belgo Canadian Paper plant at Shawinigan Falls with 8 machines producing 800 tons a year; the Canada Paper Company, a 50 ton newsprint and paper specialty mill; and timber limits either owned or controlled amounting in all to over 60,500 square miles estimated to contain about 21,500,000 cords of pulp wood.

Has Preferred and Bonds

The investment interest in the St. Maurice Valley Corporation is centred on its preferred stock and bond issues. These obviously rank as a first charge against the earnings of its Three Rivers mill but rank after the bonds and preferred shares of both the Canada Paper Company and the Belgo Company. In addition the St. Maurice Valley Corporation guarantees to buy sufficient wood from the Anticosti Corporation to meet the fixed charges and dividends requirements on that company's stock.

This year, in partnership with Building Products, the St. Maurice Valley Corporation formed Forest Products Ltd. It is controlled by the two parent companies and will provide a market for some of the pulp production of the St. Maurice Valley Corporation.

In Sound Position

The balance sheet of the company as at the close of 1927 is available as at that date the Canada Power and Paper Corporation merger had not been consummated. The balance sheet shows the company had a strong working capital position. The net earnings available to the common shares of the St. Maurice Valley Corporation for the 1927 year amounted to over $1,000,000 despite the fact that 1927 was a thin period in the industry.

The outlook marketwise for the preferred shares of the St. Maurice Valley Corporation appears to be identical with the outlook for the industry as a whole. Last year preferred dividend requirements were earned twice over after liberal depreciation and depletion charges. Moreover, the increased financial strength of the Canada Power and Paper Company, due to the sale of the Laurentide Power Company, obviously has a bearing on the financial strength of the subsidiary organization. The St. Maurice Valley Corporation, like the parent company and like all the other newsprint companies, will have to bear its share of the burden resulting from the over expansion of the industry as a whole.

Position of the Shares

The subsidiary and the parent company operate under a strong management, and even though now in a period of declining earnings, St. Maurice should continue to earn and pay preferred dividend requirements. However, in any attempt to assess the merits of the shares it is necessary to take consideration not only the financial strength of the corporation but also the general newsprint situation which naturally has a bearing marketwise affecting the shares. St. Maurice preferred shares, though, rank senior to the debentures of the Canada Power and Paper.

Capitalization—	Authorized	Issued
Common (n.p.v.)	500,000 shs.	160,000 shs.
Pref. 7% cum.	$10,000,000	
($100 par)		$5,800,000
($5 par)		4,200,000

Over 97% of the common stock is owned by the Canada Power & Paper Corp., formed in 1928 to take over the control of the St. Maurice Valley Corp. and the Laurentide Co. The common shares were exchanged on the basis of 2½ shares of the Canada outstanding $9,585,730 (including debenture stock).

Funded Debt—

6% first mortgage and collateral trust sinking fund bonds,, series "A", due 1945; standing $9,585,730 (including debenture stock).

5½% first mortgage and collateral trust sinking fund bonds, series "B", due 1957; outstanding $2,000,000.

Dividends—

Preferred—7% per annum, payable quarterly. Initial dividend paid Jan. 1, 1926.

Common—None paid.

Officers and Directors—

M. B. Wallace, chairman; Sir Herbert S. Holt, pres.; Geo. M. McKee, vice-pres. and man. dir.; A. Cross, J. H. Gundy, T. T. Waller, vice-presidents; G. W. Hodgson, sec.-treas.; G. H. Montgomery, K.C.; C. B. McNaught, Francois Faure, T. A. Wark.

Production—

Daily production: 900 tons newsprint, 60 tons kraft pulp; and an annual output of 29,000,000 paper boxes, 300,000,000 paper bags and 60,000,000 shipping tags.

Income and Surplus Account
Years Ending December 31

	1927	*1926
Net earnings	$4,689,674	$4,735,856
Deduct:		
Depre. and depletion	1,243,384	1,065,709
Bond and bank int.	717,354	574,859
Belgo bond interest	560,355	568,629
Canada Paper int.	120,000	124,345
Net profits	$2,048,581	$2,402,314
Deduct appropriations for:		
Pref. dividends	591,098	563,801
Canada Paper, pref. div.	87,500	87,500
Belgo., pref. div.	350,000	372,758
Belgo., common div. (minority stockholders).	2,217	22,836
Contingent account	......	325,000
Surplus for year	1,017,765	1,030,419
Add previous surplus	‡1,029,869	....
Balance carr. forward	$2,047,634	$1,030,419

* 13 months ended Dec. 31. ‡ Adjusted.

MARKET RECORD—

	*1928 H	*1928 L	1927 H	1927 L	1926 H	1926 L
Common	...	..	82	47	65	40
Preferred	105½	95	105¾	94½	..	..

* To Sept. 11.

Anticosti Corp.

Getting Into Its Stride as a Pulpwood Producer

The Anticosti Corporation has commenced shipping logs to the three newsprint companies, owning all the common shares of their subsidiary pulpwood producer. The total output which will be shipped during the current navigation season from Anticosti will run to about 200,000 cords. On the island, the company has to provide equipment, food and supplies for a large logging organization of 1,700 men and 400 horses. In addition, there are 500 women and children in the town which is the base for logging operations. Summer logging is possible on Anticosti due to the absence of flies and due to the fact that the heavy fogs there reduce more than materially, the fire hazard. The logging operations are carried out both in the company's own camps, and also by jobbers. The company has completed a new loading dock and its complementary equipment, in addition, a combined freight, water and merchandise wharf has been built.

Owns Big Island

The Anticosti Corporation was formed in the summer of 1926, to provide a supply of raw materials for the St. Maurice Valley Corporation, the Wayagamack Pulp and Paper Company and the Port Alfred Pulp and Paper Corporation. The last three companies own one-third each of the common stock of the corporation.

The company's fixed assets consist of the complete ownership of the island of Anticosti, except an unimportant acreage which has been ceded to the government for lighthouse purposes. The area of the island amounts to about 3,100 square miles and is approximately one and a half times the area of Prince Edward Island. It is estimated to contain at least fifteen million cords of pulpwood, which have a value of $15,000,000. This island is the most valuable freehold reserve of pulpwood in Eastern Canada.

The three parent companies have entered into an agreement with their subsidiary which provides for the purchase of a definite amount of pulpwood annually, and to pay to the Anticosti Corporation the full amount of its operating expenditures and depreciation charges, plus certain stumpage fees for the pulpwood cut. These minimum stumpage fees are to be paid, whether or not the specified number of cords be taken out.

It is thus that both the bond interest and the preferred dividend requirements of the subsidiary company are jointly and severally guaranteed by the three parent organizations. Under the provisions of the contract with the parent companies, the net revenues of the Anticosti Corporation, after operating expenses, depreciation, interest and sinking fund requirements of the first mortgage bond issue, will, during the first two years of the contract, amount to $426,000, and thereafter $498,000 annually. These figures compare with the maximum annual dividend requirements on the preferred shares of $210,000.

One feature of the preference shares in the Anticosti Corporation is the fact that, after January 1, 1935, the corporation will set aside 50 per cent. of the balance of the net earnings, after payment of preferred dividends as a sinking fund for the preference shares.

Capitalization—	Authorized	Outstanding
Common shares (n.p.v.)	60,000	60,000
Pref. 7 per cent. ($100 par)	$6,000,000	$3,000,000

All of the common shares are owned by the St. Maurice Valley Corporation, Wayagamack Pulp and Paper Co., and Port Alfred Pulp and Paper Corporation.

Funded Debt—

6½ per cent. first mortgage sinking fund bonds, due 1941; Outstanding $6,000,000.

Dividends—

Preferred—7 per cent. per annum, payable quarterly.

Officers and Directors—

A. J. Brown, K.C., chairman of the board; G. M. McKee, president, Montreal; C. R. Whitehead, vice-pres., Three Rivers; Sir Herbert Holt, Montreal; Francois Faure, man. dir., Montreal; F. I. Ritchie, Three Rivers; J. H. Valiquette, Island mgr.; L. A. Brooks, sec.-treas.; G. W. Hodgson, compt.

A. P. W. Pulp

A. P. W. Pulp and Paper company, of Sheet Harbor, N.S., has been in operation some years and produces approximately 25,000 tons of groundwood pulp annually. The company owns large timber limits and has excellent water power resources. Its output is sold in New York. The pulp is all shipped by water from the dock. The company is a subsidiary of the A. P. W. Paper Company, of the United States, the plant has a capacity of 80 tons daily.

Capitalization—	Authorized	Outstanding
Common	$1,500,000	$900,400

All owned by the A. P. W. Paper Co.

Funded Debt—

7 per cent. first mortgage sinking fund bonds, series "A," due 1945; Outstanding $800,000.

Officers and Directors—

Seth Wheeler, Jr., pres.; F. A. Gayford, vice-pres. and sec.; W. A. Wheeler, treas.; V. D. Bierman, R. H. W. Whalen.

Production—

Daily capacity, groundwood pulp 100 tons.

Superior Paper

Superior Paper Mills at Merritton, Ont., is closed down and it will remain inoperative until a reorganization, which is expected, has been effected.

The company is about two years old. Its products were tissues, twisting, wrapping and similar specialties not made elsewhere in Eastern Canada and at the time of its organization it was believed that the company had an unusually good chance of success. The capacity of the plant was 3,000 tons annually.

It is reported that if the mill is reopened it will be turned to the manufacture of roofing paper and similar products.

Capitalization—	Authorized	Issued
Common (par $100)	$250,000	$240,000

Funded Debt—

Bonds 7 per cent, 10 year, issued $60,000.

Officers and Directors—

J. M. Cathcart, pres. and gen. mgr.; E. P. Foley, vice-pres.; R. E. Liptrott, sec.-treas.; J. L. McNicol, W. J. Aikins, A. J. Haines and W. J. Stockdale.

Company closed down operations in July, 1928, and went into liquidation.

Laurentide Company

Capitalization—	Authorized	Outstanding
Common $100 par)	$35,000,000	$28,800 000

In Jan., 1928, acquired by Canada Power & Paper Corp., shareholders receiving one new 5½% debenture and one new common share for each share held.

Dividend Record—

Common—6% per annum, payable quarterly. Old stock: initial dividend of 1½% paid Oct., 1911; 8% per annum, 1912-1917; 10%, 1918; 12%, 1919 and until stock changed in 1920; 1½% paid quarterly on new stock thereafter. Bonus of 3% paid Jan., 1919.

Officers and Directors—

Geo. Chahoon, Jr., pres. and gen. mgr.; Louis Armstrong, treas., Grand'Mere, Que.; Wm. F. Robinson, sec., Montreal; J. W. McConnell, Edwin Hanson, Com. J. K. L. Ross, George H. Montgomery, K.C., Sir Lomer Gouin, K.C.M.G., Sir Vincent Meredith, Bart., Montreal; F. A. Sabbaton, Grand'Mere, Que.

Production—

Daily production, 375 tons groundwood, 150 tons sulphite, 50 tons pulpboard, and 375 tons newsprint.

Market Record—

Year	High	Low
1912	240	155
1913	233	140
1914	192¾	164½
1915	198	160
1916	217½	176
1917	195	152
1918	198	152
1919	276	192
	New Company	
1920	125	81
1921	95	62
1922	99	72½
1923	103½	85
1924	98⅛	79½
1925	91	75
1926	118¼	81½
1927	120	90

INCOME AND SURPLUS ACCOUNT, YEARS ENDING JUNE 30

	*1927 $	1926 $	1925 $	1924 $	1923 $	1922 $
Net Earnings	2,776,067	3,021,868	3,061,663	3,551,590	3,167,998	2,693,154
Less: Depreciation, etc.	715,225	798,742	770,623	1,148,190	753,896	458,461
Interest Charges	313,352	316,293	381,065	318,876	424,999	440 631
	1,028,577	1,115,035	1,151,688	1,467,066	1,278,895	899,092
Net Profits	1,747,490	1,906,833	1,909,975	2,084,524	1,989,103	1,794,062
Less Appropriations:— Common Dividends	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
Surplus for Year	19,490	178,833	181,975	356,524	261,103	66,062
Add Prev. Surplus	2,467,964	2,289,131	2,107,156	1,750,632	1,489,529	1,423,467
Balance Carried Forward	2,487,454	2,467,964	2,289,131	2,107,156	1,750,632	1,489,529
Dividend Record and Earnings on Capital Stock—						
Common Earned	6.06%	6.62%	6.63%	7.23%	6.90%	6.22%
Paid	6	6	6	6	6	6

* No balance sheet published for fiscal year 1928; earnings for 18 months will be included in statement of Canada Power & Paper Co. for period ending December 31.

We Supply the bulk of Laboratory Equipment to the Pulp and Paper Laboratories.

We make Laboratory Supplies our sole business. Use the FISHER CATALOGUE for Quality and Service.

Do You Get "The Laboratory"?
If Not, Send Us Your Name—

FISHER SCIENTIFIC CO., LIMITED
472-474 McGILL ST. MONTREAL, QUE.

Dryden Paper

Stock Speculative But Attractive as a Hold — Company's Position Steadily Improves — Note Interest Paid

The Dryden Paper Company has lingered longer in the hands of the receivers than was generally anticipated. It is thought that probably the recent market recessions delayed the reorganization of the company and that the management is awaiting better market conditions before carrying out a reorganization which may include new financing.

The sale of wrapping paper has always been the main source of profit of the Dryden Company; its losses have largely been caused through the necessity of selling sulphate pulp, which a few years ago was selling at a very low price. The market for sulphate pulp and kraft paper has improved within recent years and with the better business conditions prevailing in western Canada, Dryden has been able to convert a larger proportion of its sulphate pulp output into paper. The company's paper market lies, of course, in the west.

Still Speculative Though

The outlook for the Dryden Paper shares, while undoubtedly speculative, appears to be much better than the outlook for the shares of the newsprint companies. While the company now appears to occupy a satisfactory operating profits position, yet one of the speculative elements in the situation is the possibility of the hesitancy prevailing in the markets for other pulp and paper products affecting the sulphate and kraft industry.

While other pulp and paper mills cannot turn their output over to sulphate or kraft, yet, there seems to be no possibility—at least for some time—of any betterment in the market for other paper products. Hence, the paper markets may continue their decline of recent months with perhaps a sympathetic effect on the market for kraft paper.

However, while the market for newsprint and fine paper languishes in the United States, there is a protective tariff on other paper made in Canada. Hence, the market for paper in Canada at the present time seems to be in a satisfactory position and the fine paper mills are expanding to meet the demand. It is thus possible that the domestic sulphate and kraft markets may maintain their present satisfactory positions. During the present year, though, the U. S. market for sulphate pulp and kraft paper has declined.

Might Narrow Markets

While the declining prices for some other grades of pulp and paper may narrow a little the market for kraft, the peculiar and unique qualities of kraft will always assure a ready market for this type of paper for certain definite uses.

The number of uses to which kraft paper is being put are increasing. Already, production of cement bags has begun by the Bates Valve Bag Company which is operating in a section of the Dryden plant. The contract which Dryden holds with the Bates Valve Bag should tend to increase operating profits. In addition, the larger harvest this year indicates improving business conditions in western Canada which should increase the demand for kraft paper from Dryden.

The increasing output of the plant is making it necessary for Dryden to add to its available power resources. There is a feeling that funds required for the power expansion of the company will be provided by a new issue of stock—perhaps not till the end of the year when the receivership might be lifted.

Operating At Capacity

During the past year there has been built up a large speculative interest in the Dryden shares. When Dryden went over 50 this year it was said that an offer had been received from a larger company of $60 a share, but the management turned down the offer, if it was made.

It is understood that the plant is working at full capacity and that it occupies an excellent working capital position, and that there is a possibility that the capacity may be doubled to fill the contracts in sight.

It was about four months ago that the Bates Valve Bag Company, an American corporation, entered into a five year contract with the Dryden Paper Company for the supply of kraft paper for the manufacture of Bates bags. It is said that this contract will absorb about three-fourths of the output of Dryden's present kraft paper capacity. For next year forecasts of earnings as high as $7 a share on the stock have been made. Such forecasts, though, seem optimistic.

Is Well Situated

The company is situated in a well wooded country so that supplies of pulpwood are available for a great many years. It owns its own water power and is the only company manufacturing kraft and wrapping paper for the markets of western Canada and therefore has virtually a monopoly on the west, other mills having to ship from Three Rivers or Vancouver.

The shares are regarded as an interesting speculation for a hold. While Dryden's fixed charges are still in arrears, it is understood that the operating position of the company is such that refinancing could be carried out at any time and the arrears of interest liquidated.

The company has been in the hands of the receivers since 1923, but earnings during the last three years have improved very substantially. There are certain advantages to the company by remaining in the hands of the receivers for the present and it is not probable that the receivership will be lifted immediately.

The plant is located in the Lake of the Woods area at Dryden, Ontario. The capacity of the mill is 75 tons of kraft pulp and 50 tons of kraft paper daily together with some groundwood production. The timber limits cover 1157 square miles in the Kenora district.

Interest on the 6 per cent. prior lien notes outstanding to the extent of $304,000 has been paid to date while interest on the 6 per cent. debenture stock is still in arrears from 1923.

Capitalization—	Authorized	Outstanding
Stock (n.p.v.)	100,000 shs.	100,000 shs.

Funded Debt—

6% first lien notes, due Oct., 1925; outstanding $304,000.

6% debenture stock, due [illegible]; authorized and outstanding $1,100,000.

Dividend Record—

No dividends paid.

Officers and Directors—

W. A. Black, pres., Montreal; F. A. Sabbaton, vice-pres., Grand'Mere, Que.; J. H. A. Acer, R. Bell, J. N. Greenshields, K.C., Montreal; D. McLachlin, Arnprior, Ont.; F. Perry, Hon. L. Webster, Montreal; G. Cahoon, Jr., Grand'Mere, Que.; H. Humphreys, sec.-treas., Dryden, Ont.; J. H. Black, asst. sec.-treas.; J. S. Wilson, gen. mgr.; Receivers: F. Perry, F. A. Sabbaton.

Westminster Paper

Westminster Paper Co. operates a mill on the Pacific Coast which annually produces about 5,000 tons of tissues and specialty papers which are marketed successfully as far east as Toronto. The mill is a model of its kind and has been so constructed that its capacity can be doubled at a minimum of expense. Pulps are bought from pulp mills near the paper mill.

Investment interest in this company consists of $175,000 of first mortgage bonds, due serially; the first redemption will take place October 1, 1928.

Westminster Paper got into operation in 1923. Its earlier career was full of problems, but since 1925, its position steadily has been growing better. The company now operates a mill at Bellingham, Wash., through a subsidiary, Pacific Coast Paper Mills.

Capitalization—	Authorized	Outstanding
Common (par $10)	$500,000	$450,000

Funded Debt—

First mortgage serial bonds, 6½%.

Dated Oct. 1, 1926; due, $10,000 annually between Oct. 1, 1928, and Oct., 1936; and $85,000, due Oct. 1, 1937.

Authorized, issued and outstanding (closed), $175,000.

Officers—

J. J. Herb, pres.; R. F. Arnett, vice-pres. and sales mgr.; H. M. Lord, sec.-treas.

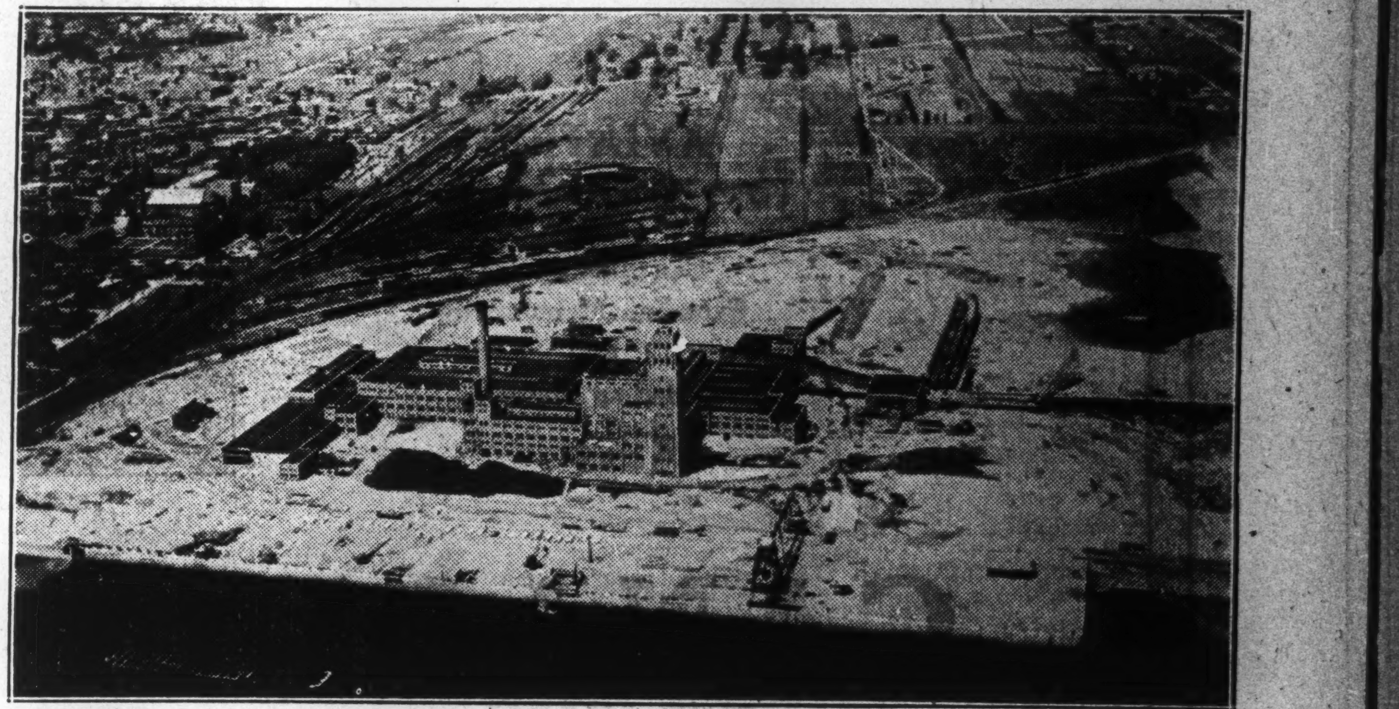
Dominion and Provincial Government Bonds

Municipal Bonds

Public Utility and Industrial Financing

Foreign Issues Quoted

DOMINION SECURITIES CORPORATION LIMITED.
Established 1901
E. R. Wood, President
MONTREAL
LONDON, ENG.
WINNIPEG
VANCOUVER
Head Office: TORONTO, 26 King Street East



ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED
QUEBEC, P.Q., CANADA

NEWSPRINT PAPER

Mills at Quebec City
Capacity 500 Tons Daily.

International Paper

New International Paper Holding Company Occupies Interesting Position — Outlook for Common Both Speculative and Attractive

The International Power and Paper Company is the largest producer of paper in the world. Its output is twice as great as that of the next company in the field, namely, the Abitibi Power and Paper Company. In addition, the company is one of the leading power producers of this continent.

The future outlook for the shares therefore, is dependent on the state of the market for pulp and paper products together with the results which the company obtains from its subsidiary power undertakings, some of the larger of which are only in their initial period of operation. In other words, it will probably be over a year before the company begins to benefit to anything like an extent commensurate with its gigantic expansion program in the power field over the past few years. In addition, it will be some time before the company begins to benefit from its large expansion in the paper field.

Make Immense Strides

Under its present able and far seeing management, International Paper has made gigantic strides in both fields of its activities. In view of the slump in the pulp and paper market, the outlook for the future of the common shares cannot be anything other than speculative. The speculative feature surrounding the stock, though, is offset to a degree by the increasing investments and profits from power and public utility developments. The record of power properties has been such that International Paper appears to be assured of large and growing revenues from this sphere of its activities.

Critics have taken many a crack at the management of International Paper for its expansion program in the paper field in the face of declining markets and markets which are likely to show further declines. On the other hand, International Paper stock has slumped to nothing like the extent of all the other paper companies shares. This indicates that in its development program, the management has the faith of a strong financial backing.

Industry Largely Over Expanded

As the whole paper industry on this continent is over expanded and the demand for paper appears to give no indication of the mills for a long time to come, it can be taken for granted that this factor will have an adverse effect on the market for the shares of the company for some time to come. Earnings this year have been unsatisfactory and dividends have not been earned. If paper prices maintain their present levels, though, the increasing earnings from the company's power resources should increase the profits applicable to the common stock. True, it can be said that the merits of the management's expansion policies over the past few years remain to be seen, but International Power and Paper has acquired at extremely low prices very valuable assets on a substantial proportion of which there is no bonded debt. This applies particularly to the acquisition of forest resources.

Extent of Large Assets

The assets of the International Power and Paper Company are so varied and so extensive that it is impossible to summarize adequately the extent of its operations, but the following tabulations cover its major undertakings and shows the authorized capitalization of the present company:

15 Newsprint and groundwood specialty mills.
6 Kraft mills.
5 Book and bond.
6 Groundwood mills.
3 Sulphite mills.
2 Fibreboard mills.
1 Leatherboard mill.
1 Rope paper mill.
4 Wrapping paper mills.
2 Tissue and towel mills.
2 Paper bag mills.
8 lumber mills.
1 Coal mine.
21 Hydro-electric plants.
12 Undeveloped water power sites.

Power developed and under construction 1,524,600 h.p.

Ultimate potential capacity of plants and sites 3,000,000 h.p.

Rated daily capacity of mills 4,500 tons.

Timber limits, 16,625,822 acres.

Pulpwood resources, 61,500 000 cords.

Authorized Capitalization

1,000,000 shares, $100 par, 7 per cent. preferred.

20,000 shares, $100 par, 6 per cent. preferred.

5,000,000 shares, no par, class A common.

3,000,000 shares, no par, class B common.

3,000,000 shares, no par, class C common.

Has 26,000 Shareholders

There is wide investment interest in the company which together with its subsidiaries has some 26,000 stockholders.

The International Power and Paper Company is the successor company of International Paper. The shareholders of the predecessor company are now exchanging their stock for shares in International Power which is not a limited company, but a Massachusetts unincorporated association. This type of organization has left the company free from some of the restrictions imposed on corporations.

The 7 per cent. preferred shares of the new company, unlike the 7 per cent. preferred of International Paper are convertible into the common stock of the new company. At least, the first 500,000 shares presented for conversion are convertible up to 1933. In other words, the company is offering attractive conversion privileges to reduce the amount of the senior securities outstanding.

Basis of Conversion

The basis of the conversion is par for the preferred stock and a graduated price scale running from $50 to $60 for the class "A" common stock. The first $10,000,000 dollars of preferred to be converted can obtain common stock at $50 a share while the fifth $10,000,000 can obtain stock only at $60 a share.

International Paper common shareholders get one share of class "A," one share of class "B" and one share of class "C" stock in the new company for every share of International Paper. The dividend rights on the three classes of common stock are unique. Class "A" is entitled to aggregate dividends of $12 a share before class "B" obtains anything. Then class A and B will constitute one class which will be entitled to further aggregate dividends of $12 a share before class "C" gets anything and thereafter, the separate classes of stock will disappear and all shares originally constituting classes A, B, and C will simply be shares of common stock.

Reason For Division

The division of the common stock into three classes has been designed to meet the particular requirements of the situation. International Paper at the present time has a substantial investment interest in assets which as yet are not showing a return, but it also may find it important to increase such assets or assets which for the time being, earn less than their full carrying charges. To finance acquisitions of this type and to represent existing assets of this type, it seems desirable that the present company should have classes of stock designed to forego a dividend return for a limited period, or rather for a limited number of dollars, but retaining their full share in the equity of the company and its future prospects.

Owns Mostly All

While the International Power and Paper Company has very many subsidiaries, most of these are wholly owned. The only subsidiary which is not virtually wholly owned is the New England Power Association in which International Paper up to this year owned about 45 per cent. of the shares. But since the formation of the new International Power and Paper Company, it is intended to acquire a much larger proportion of this stock. The company is a power and public utility enterprise with a successful record. For the future, earnings from this source should show an increasing growth.

International Paper owns all the common stock of the International Power and Paper Company of Newfoundland—another large subsidiary. It is reviewed separately in this issue.

Canadian Hydro Electric

The last large subsidiary of the company is the Canadian Hydro Electric Corporation in which International Paper owns all the common stock. The Canadian Hydro Electric Corporation has preferred stock outstanding; the senior securities of the Gatineau Power Company, a subsidiary of the Canadian Hydro Electric, also are outstanding.

The Canadian Hydro Electric Corporation was a subsidiary organized to acquire all International Power and Paper's large electric developments on the Gatineau and in New Brunswick. Its chief subsidiaries are the Gatineau Power Company and the Saint John River Power Company. There are several other smaller subsidiaries which are virtually wholly owned, some of which distribute power and others produce hydro electric energy.

But Controls Bathurst Too

Most of the company's paper properties are owned outright by the International Paper in which the International Power and Paper Company will own probably nearly all the stock capitalization when the shareholders have completed the exchange into the shares of the new company.

It is understood also that International Paper controls about 51 per cent. of the voting shares of the Bathurst Power and Paper Corporation, a company producing 75 tons of newsprint with an additional output of pulp in New Brunswick.

While the present rated capacity of International Power and Paper's mills amounts to 1,350,000 tons annually, the total output of the company in 1927 was 833,833 tons. However, the difference between these two figures is not particularly significant as it is only this year that several of the plants went into full production. In any event, the output of the company in 1928 will materially exceed that of 1927 although it is bound to reflect the unsatisfactory market which prevails particularly for newsprint paper.

Affected By Situation

Undoubtedly, International Paper will continue to be affected for some time by the prevailing market situation for newsprint. While the earning situation of the company is at present unsatisfactory, it occupies a healthy liquid position. At the close of last year, current assets were over $40,600,000 and current liabilities below $15,000,000. Of course, it can be said that the liquid position of the International Paper and its subsidiaries is due to the large financing which has been carried out steadily for the past few years. Nevertheless, the company is financially strong, a feature of its operations which is significant particularly in view of the situation obtaining in the paper markets.

The International Paper at the close of 1927 showed fixed assets of $237,000,000 against a funded debt of $103,000,000. The comparison between fixed assets and funded debt is the more satisfactory as plants and properties are carried in the fixed assets after depreciation, and depreciation reserves have been of a healthy size for a number of years. In addition, the securities carried in the investment account are undoubtedly carried at a figure well below their market value.

If the present unsatisfactory conditions prevailing in the paper market undergo a substantial betterment, International Paper's success in the future will probably be comparable to anything yet achieved along industrial and financial lines. The speculative feature of the shares, though, lies in the fact that the capacity of the paper mills of this continent are about 25 per cent. in excess of the demand for newsprint paper, with the result that newsprint prices have declined over the last two years and there has been a sympathetic movement in virtually all pulp and paper commodities. Obviously, the market for newsprint paper cannot break without the market for sulphite and groundwood pulp being affected and without causing a certain increase in fine paper production from mills which find they cannot manufacture newsprint profitably.

Two Companies Identical

At the moment, the International Power and Paper Company can be regarded as more or less identical with International Paper. Ultimately, International Power's paper holdings will probably be entirely controlled by International Paper and its power and public utilities holdings will be held by the parent company.

There undoubtedly exists the possibility of the paper industry getting down to a basis comparable to that of other industries where capacity production is the exception rather than the rule. Although the paper industry differs somewhat from other lines in that operating costs decline more than proportionately as the scale of operations increase. However, if the paper business adjusts itself satisfactory to conditions now prevailing and likely to prevail for some time to come, International Paper should be able to carry itself through any thin times on the increasing earnings from its power projects.

Enjoys Able Management

The management of International Power and Paper is able. It seems probable that Archibald Graustein, the president, and his board will desire further expansion and that other companies will be bought or acquired by an exchange of shares. Apparently, the International management is out to dominate quite completely the whole paper situation on this continent. If it succeeds in so doing, the shares will be worth materially more than their present price. The present position and industrial conception which inspired the management to undertake the large expansion program now nearing completion is something that certainly increases the attractions of the common stock, although it also makes it the more speculative.

It is said that the price of the shares has been pegged on the market. Pegged or not pegged, as a long hold speculation for a business man International common are undoubtedly one of the most interesting issues either on the Canadian or New York stock markets. Perhaps, though, the stock can be bought later at lower levels.

Vast Timber Holdings

In Canada, International Paper's timber limits reach all the way from Lake Nipigon, where another mill is to be erected, to Nova Scotia, with the bulk of the limits situated on the Gatineau, Ottawa and St. Maurice watersheds in Quebec. There are large limits in Gaspé and New Brunswick which will be utilized to feed the company's New Brunswick paper mill project.

In Newfoundland, the company has obtained extensive limits which will ensure an adequate supply of pulpwood for some of its U. S. operations. International Paper also has limits scattered throughout the New England States, but in size these are not comparable to the Canadian and Newfoundland limits.

In Arkansas, Mississippi and Louisiana, the company owns limits which feed its four southern kraft mills. The other mill properties are largely located in Quebec and in the New England States, but there are plants in Pennsylvania, Ohio, Ontario, New York and Wisconsin. The company also has its subsidiaries in Newfoundland and in New Brunswick.

New England Power Association

The New England Power Association in which International Power and Paper will own a large proportion of the stock, is the largest electric utility organization in the New England States; its power developments are the largest east of Niagara. Power and light are furnished in Vermont, New Hampshire, Massachusetts, Rhode Island and Connecticut, covering an area of about 9,000 square miles. Through the sale of power to local distributing companies, the New England Power supplies light and power to 257 communities having a population of two and one half million people. The system produces 1,200,000,000 kilowatt hours of electricity annually.

In Canada, the company's hydro electric developments largely supply its own and other pulp and paper plants. On the Gatineau, though, the plants there have a contract for large blocks of power with the Ontario Hydro Electric Commission, which has erected a transmission line from Toronto to the Gatineau Power Company's plants.

In addition, power and light is distributed in the territory reaching from west of Ottawa along the Ottawa valley to a point north and east to the island of Montreal.

Another Canadian subsidiary of International Paper is the Continental Paper Products which was a subsidiary of the Continental Paper and Bag Corporation. Continental Paper and Bag, in turn, was a subsidiary of International Paper. The parent company owned 51 per cent. of the stock. This year International acquired the complete ownership of the parent U. S. organization.

Reason For Association

The laws under which the New England Power Association operates, do not permit the shares of that organization to be held by a corporation. Hence, International Paper, instead of forming a new holding company, has formed the International Paper and Power Co., a Massachusetts voluntary association, to control this utility.

A Massachusetts voluntary association is an unincorporated company formed under the law of Massachusetts by a declaration of trust made and executed by the trustees. This declaration of trust is the constitution of the company and corresponds exactly with the charter of an incorporated organization. Through this trust, the directors control the operations of the company.

The beneficial interest in the trust is represented by shares. The shares entitle the holder to vote. The primary matter on which voting will be done is the election of directors. Shareholders would also vote on certain amendments to the declaration of trust relating to increases or changes in the share capitalization. The shareholders may also remove the trustees, as well as the directors.

The business of the new company will be run by a board of directors subject to certain technical powers vested in the trustees. As the company will not be a corporation, the declaration of trust will contain certain provisions for the protection of the shareholders, the directors, the officers and the trustees against personal liability.

CONSOLIDATED INCOME AND SURPLUS ACCOUNT, YEARS ENDING DEC. 31

	1927 $	1926 $	1925 $	1924 $	1923 $	1922 $
Gross Sales	65,416,136	60,177,334	51,379,070	....	....	....
Deduct: Cost of sales, expenses and losses	49,886,277	50,103,082	43,166,686	....	....	....
Net Earnings	15,529,859	10,074,252	8,212,383	7,815,505	8,074,577	†1,047,128
Deduct:						
Depreciation	4,552,734	3,756,278	3,404,519	3,176 208	4,144,738	2,715,726
Bond Interest	4,462,355	2,802,982	2,195,969	938,640	962,799	962,846
Bond Discount	379,866	239,708	......	......	......	......
Income Tax Reserve	377 000	......	61,594	......	157,500	......
Res. for Bad Debts and contingencies	......	......	......	1,168,000	......	......
1st Pref. Div. Can. Hydro-Elec. Corp.	21,404	......	......	......	......	......
Add Conting. Res. Adjust.	......	......	1,000,000	......	......	......
Net Profits	5,736,499	3,275,284	1,250,301	2,532,657	3,809,540	†4,725,800
Deduct Appropriations for:—						
Preferred Dividends	3,728 253	2,198,471	1,979,020	1,500,000	1,500,000	1,500,000
Common Dividends	1,958,658	750,000	......	......	......	......
Surplus for Year	49,588	326,812	1,571,281	1,032,657	2,309,540	†6,225,800
Deduct:						
Inventory Adjustment	......	......	......	......	......	2,846,691
Add Previous Surplus	22,258,080	21,857,218	18,144,986	17,112,330	14,802,790	23,875,180
Capital Surplus*	71,730	74,050	2,140,950	......	......	......
Premium on Stock	269,145	......	......	......	......	......
Balance Carried Forward	22,618,544	22,258,080	21,857,218	18,144,986	17,112,330	14,802,790

† Deficit. *Conversion of 6% to 7% preferred stock.

Capitalization—	Authorized	Outstanding
Com. (n.p.v.)	1,000,000 shs.	1,000,000 shs.
Pref. 7% cum. ($100 par).	$100,000,000	$77,302,800
Pref. 6% com. ($100 par).	25,000,000	2,132,700

6% preferred convertible into 7% preferred on cash payment of $10 per share; 228,673 converted.

Funded Debt—

Total outstanding $102,804,234, consisting of:

5% first and refunding mortgage bonds due 1947; outstanding $17,433 000.

6% refunding mortgage bonds, due 1955; issued $23,262,500, less pledged to secure 6% serial gold notes, $1,600,000; outstanding $21,662,500.

6% serial gold notes, due 1929-1936; outstanding $1,600,000.

6% convertible debentures; outstanding $397,300; called for redemption.

Ticonderoga 5% refunding mortgage bonds, due 1930; outstanding $243,000; 6% refunding mortgage bonds, due 1940; outstanding $554,500.

Riordan 6% bonds, due 1942; outstanding $1,286,280. Purchase money [illegible] $206,354.

Property purchase obligations [illegible]

Bastrop 6½% first mortgage bonds, due 1940; outstanding $934,400.

Louisiana 6% bonds, due 1928; outstanding $150,000.

Gatineau Power 5% first mortgage sinking fund bonds, due 1956; outstanding [illegible] 292,500. 6% debentures, due 1941; outstanding $12,257,000.

St. George Pulp & Paper Co. 6% first mortgage bonds, due 1952; outstanding $132,000.

Officers and Directors—

A. R. Graustein, pres.; Allen Curtis, [illegible] vice-pres.; J. L. Fearing, vice-pres. [illegible] sales mgr.; Owen Shepherd, vice-pres. [illegible] treas.; A. H. White, vice-pres. and chief engineer; R. J. Cullen, vice-pres.; [illegible] Hurlbut, vice-pres.; F. G. Simons, [illegible] B. O. Booth, auditor. M. G. Chace, F. N. B. Close, Herman Elsas, P. H. [illegible] J. R. Macomber, R. Pagenstecher, [illegible] Phipps, L. P. Reid, A. H. Wiggin, O. [illegible] Reid, C. K. Simonds, F. D. Comerford, W. C. Baylies.

Canadian International Paper Co., Officers and Directors—

A. R. Graustein, pres.; Brig.-Gen. J. [illegible] White, vice-pres.; Allen Curtis, vice-pres.; Owen Shepherd, vice-pres. and treas.; F. G. Simons, sec.; Hon. Raoul Dandurand, V. M. Drury, Gordon C. Edwards, J. H. Fortier, Sir Lomer Gouin, N. C. Head, [illegible] M. McCarthy, J. W. McConnell, J. R. Macomber, G. H. Montgomery, J. S. Phipps, Hon. Donat Raymond, H. P. Robinson, J. F. Rollins, Hon. W. D. Ross, T. A. Russell, F. N. Southam, Hon. Smeaton White, A. H. Wiggins, E. R. Wood.

Dividend Record—

Preferred—7% per annum, paid quarterly since July, 1925.

Preferred—6% per annum, payable quarterly. 6% was paid from July, [illegible] to Jan. 1908; 1% April and July, 1908; [illegible] per annum from Oct., 1908 to July 1916; 1% Oct., 1916; 6% per annum from Jan. 1917. Accumulated dividends of [illegible] paid June, 1917, as follows: 14% in preferred stock, 12% in common stock, and 7½% in cash; stockholders who did not accept this plan of payment received cash payment of 33⅓% May, 1925.

Common—Initial quarterly dividend of 50c. per share on no par value shares paid Aug., 1926; increased to 60c. per quarter Aug., 1927, and paid since. On old shares of $100 par value, 1% paid in 1898; 2% in 1899; none thereafter.

Market Record—

	x 1928 H	x 1928 L	1927 H	1927 L
Common	84⅞	66	81½	[illegible]
Preferred	108	98⅝	112½	[illegible]

xTo September 18.

INTERNATIONAL PAPER & POWER CO.

Capitalization—	Authorized
Common, Class A (n.p.v.)	5,000,000 shs.
Class B (n.p.v.)	3,000,000 shs.
Class C (n.p.v.)	3,000,000 shs.
Pref., 7% cum., red., conv. ($100 par)	$100,000,000
Pref., 6% cum., red. ($100 par)	2,000,000

Exchange of shares offered on the following basis: Share for share of the 7% and 6% preferred; 1 share Class A common, 1 share Class B, and 1 share Class C, for each common share held.

7% preferred carries the right of conversion up to June 30, 1933, exercisable by the first $50,000,000 par value of the stock presented for conversion (less amounts redeemed), into Class A common stock (or common stock if the classes have disappeared), at special prices.

Officers—

A. R. Graustein, pres.; J. F. Rollins, sec.

Executive Committee—

F. N. B. Close, A. R. Graustein, J. R. Macomber, J. W. McConnell, J. S. Phipps, A. H. Wiggin, O. D. Young.

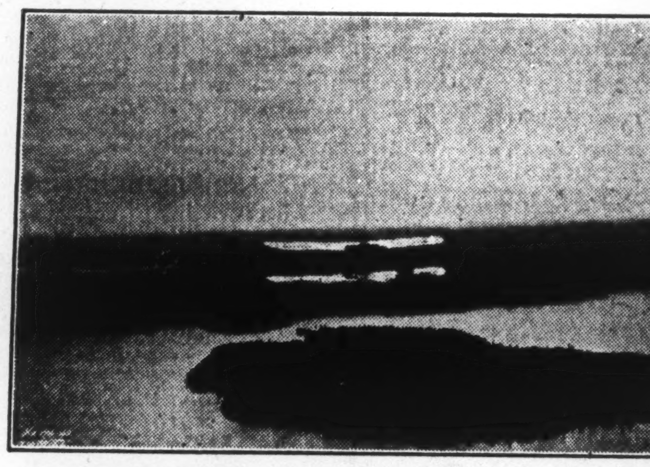
Dividends—

Preferred—7% per annum, payable quarterly, and 6% per annum, payable quarterly.

Common—Class A stock entitled to aggregate dividends of $12 a share before Class B receives dividends; then classes A and B constitute one class, and are entitled to further aggregate dividends of $12 a share before class C receives dividends; thereafter all shares become simply shares of common stock.

For other companies in International Paper group, see page 33.

AVIATION
Flying Boats and Aeroplanes
of
Canadian Design
Canadian Manufacture
and
Canadian Material



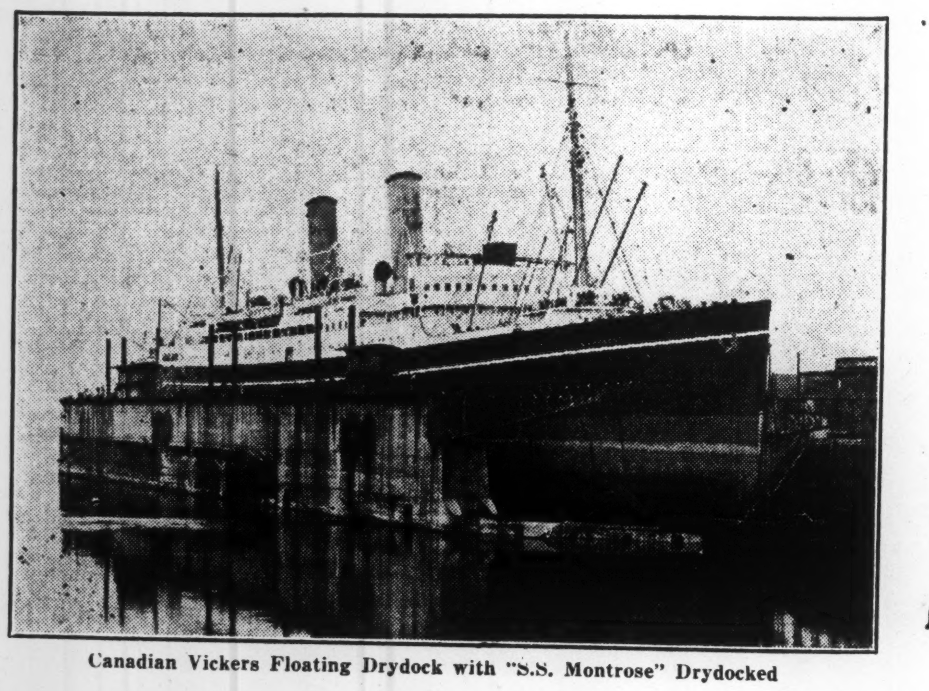
VEDETTE—3-Seater Forest Patrol Machine

AVIATION
Machines Designed
for
Any Purpose
and
Climate

CANADIAN VICKERS LTD.

SHIP WORK

Design Building Repairs Tugs Barges
Logging Craft
25,000-ton Capacity Floating Dock



Canadian Vickers Floating Drydock with "S.S. Montrose" Drydocked

GENERAL ENGINEERING

Pulp and Paper Mill Equipment: —
Digesters, etc.

Hydro Electric Equipment: —
Travelling Car Gate Hoists
Stationary Gate Hoists
Stop Log Hoists
Penstocks

Boiler and Combustion Equipment: —
Kidwell Bent-tube Boilers
Vickers Straight-tube Boilers
H. T. R. Boilers
Steam Accumulators
Stacks

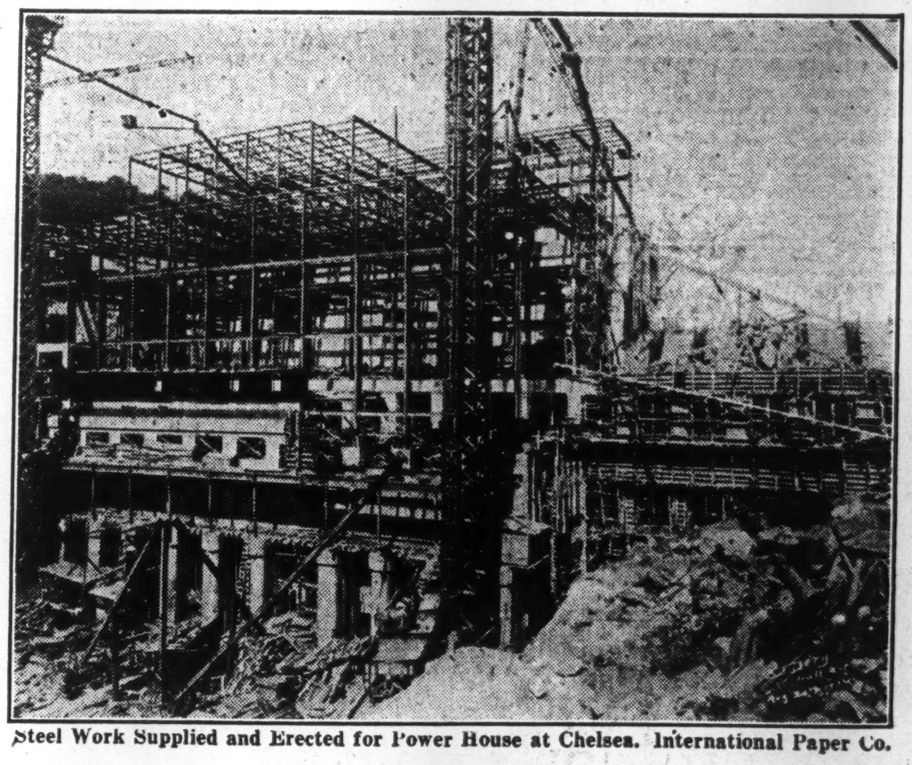
Mining Machinery: —
Electric Hoists
Tube Mills
Skips Cages
Mine Cars Screens

General: —
Oil Stills Tanks Steel
Buoys

MONTREAL
Quebec

STRUCTURAL STEELWORK

Fabricated and Erected for Bridges, Industrial Plants, Sluice Gates and Buildings of all Descriptions



Steel Work Supplied and Erected for Power House at Chelsea. International Paper Co.

International Paper

New International Paper Holding Company Occupies Interesting Position — Outlook for Common Both Speculative and Attractive

The International Power and Paper Company is the largest producer of paper in the world. Its output is twice as great as that of the next company in the field, namely, the Abitibi Power and Paper Company. In addition, the company is one of the leading power producers of this continent.

The future outlook for the shares therefore, is dependent on the state of the market for pulp and paper products together with the results which the company obtains from its subsidiary power undertakings, some of the larger of which are only in their initial period of operation. In other words, it will probably be over a year before the company begins to benefit to anything like an extent commensurate with its gigantic expansion program in the power field over the past few years. In addition, it will be some time before the company begins to benefit from its large expansion in the paper field.

Make Immense Strides

Under its present able and far seeing management, International Paper has made gigantic strides in both fields of its activities. In view of the slump in the pulp and paper market, the outlook for the future of the common shares cannot be anything other than speculative. The speculative feature surrounding the stock, though, is offset to a degree by the increasing investments and profits from power and public utility developments. The record of power properties has been such that International Paper appears to be assured of large and growing revenues from this sphere of its activities.

Critics have taken many a crack at the management of International Paper for its expansion program in the paper field in the face of declining markets and markets which are likely to show further declines. On the other hand, International Paper stock has slumped to nothing like the extent of all the other paper companies shares. This indicates that in its development program, the management has the faith of a strong financial backing.

Industry Largely Over Expanded

As the whole paper industry on this continent is over expanded and the demand for paper appears to give no indication of the mills for a long time to come, it can be taken for granted that this factor will have an adverse effect on the market for the shares of the company for some time to come. Earnings this year have been unsatisfactory and dividends have not been earned. If paper prices maintain their present levels, though, the increasing earnings from the company's power resources should increase the profits applicable to the common stock. True, it can be said that the merits of the management's expansion policies over the past few years remain to be seen, but International Power and Paper has acquired at extremely low prices very valuable assets on a substantial proportion of which there is no bonded debt. This applies particularly to the acquisition of forest resources.

Extent of Large Assets

The assets of the International Power and Paper Company are so varied and so extensive that it is impossible to summarize adequately the extent of its operations, but the following tabulations cover its major undertakings and shows the authorized capitalization of the present company:

15 Newsprint and groundwood specialty mills.
6 Kraft mills.
5 Book and bond.
6 Groundwood mills.
3 Sulphite mills.
2 Fibreboard mills.
1 Leatherboard mill.
1 Rope paper mill.
4 Wrapping paper mills.
2 Tissue and towel mills.
2 Paper bag mills.
8 lumber mills.
1 Coal mine.
21 Hydro-electric plants.
12 Undeveloped water power sites.

Power developed and under construction 1,524,600 h.p.

Ultimate potential capacity of plants and sites 3,000,000 h.p.

Rated daily capacity of mills 4,500 tons.

Timber limits, 16,625,822 acres.

Pulpwood resources, 61,500 000 cords.

Authorized Capitalization

1,000,000 shares, $100 par, 7 per cent. preferred.

20,000 shares, $100 par, 6 per cent. preferred.

5,000,000 shares, no par, class A common.

3,000,000 shares, no par, class B common.

3,000,000 shares, no par, class C common.

Has 26,000 Shareholders

There is wide investment interest in the company which together with its subsidiaries has some 26,000 stockholders.

The International Power and Paper Company is the successor company of International Paper. The shareholders of the predecessor company are now exchanging their stock for shares in International Power which is not a limited company, but a Massachusetts unincorporated association. This type of organization has left the company free from some of the restrictions imposed on corporations.

The 7 per cent. preferred shares of the new company, unlike the 7 per cent. preferred of International Paper are convertible into the common stock of the new company. At least, the first 500,000 shares presented for conversion are convertible up to 1933. In other words, the company is offering attractive conversion privileges to reduce the amount of the senior securities outstanding.

Basis of Conversion

The basis of the conversion is par for the preferred stock and a graduated price scale running from $50 to $60 for the class "A" common stock. The first $10,000,000 dollars of preferred to be converted can obtain common stock at $50 a share while the fifth $10,000,000 can obtain stock only at $60 a share.

International Paper common shareholders get one share of class "A," one share of class "B" and one share of class "C" stock in the new company for every share of International Paper. The dividend rights on the three classes of common stock are unique. Class "A" is entitled to aggregate dividends of $12 a share before class "B" obtains anything. Then class A and B will constitute one class which will be entitled to further aggregate dividends of $12 a share before class "C" gets anything and thereafter, the separate classes of stock will disappear and all shares originally constituting classes A, B, and C will simply be shares of common stock.

Reason For Division

The division of the common stock into three classes has been designed to meet the particular requirements of the situation. International Paper at the present time has a substantial investment interest in assets which as yet are not showing a return, but it also may find it important to increase such assets or assets which for the time being, earn less than their full carrying charges. To finance acquisitions of this type and to represent existing assets of this type, it seems desirable that the present company should have classes of stock designed to forego a dividend return for a limited period, or rather for a limited number of dollars, but retaining their full share in the equity of the company and its future prospects.

Owns Mostly All

While the International Power and Paper Company has very many subsidiaries, most of these are wholly owned. The only subsidiary which is not virtually wholly owned is the New England Power Association in which International Paper up to this year owned about 45 per cent. of the shares. But since the formation of the new International Power and Paper Company, it is intended to acquire a much larger proportion of this stock. The company is a power and public utility enterprise with a successful record. For the future, earnings from this source should show an increasing growth.

International Paper owns all the common stock of the International Power and Paper Company of Newfoundland—another large subsidiary. It is reviewed separately in this issue.

Canadian Hydro Electric

The last large subsidiary of the company is the Canadian Hydro Electric Corporation in which International Paper owns all the common stock. The Canadian Hydro Electric Corporation has preferred stock outstanding; the senior securities of the Gatineau Power Company, a subsidiary of the Canadian Hydro Electric, also are outstanding.

The Canadian Hydro Electric Corporation was a subsidiary organized to acquire all International Power and Paper's large electric developments on the Gatineau and in New Brunswick. Its chief subsidiaries are the Gatineau Power Company and the Saint John River Power Company. There are several other smaller subsidiaries which are virtually wholly owned, some of which distribute power and others produce hydro electric energy.

But Controls Bathurst Too

Most of the company's paper properties are owned outright by the International Paper in which the International Power and Paper Company will own probably nearly all the stock capitalization when the shareholders have completed the exchange into the shares of the new company.

It is understood also that International Paper controls about 51 per cent. of the voting shares of the Bathurst Power and Paper Corporation, a company producing 75 tons of newsprint with an additional output of pulp in New Brunswick.

While the present rated capacity of International Power and Paper's mills amounts to 1,350,000 tons annually, the total output of the company in 1927 was 833,833 tons. However, the difference between these two figures is not particularly significant as it is only this year that several of the plants went into full production. In any event, the output of the company in 1928 will materially exceed that of 1927 although it is bound to reflect the unsatisfactory market which prevails particularly for newsprint paper.

Affected By Situation

Undoubtedly, International Paper will continue to be affected for some time by the prevailing market situation for newsprint. While the earning situation of the company is at present unsatisfactory, it occupies a healthy liquid position. At the close of last year, current assets were over $40,600,000 and current liabilities below $15,000,000. Of course, it can be said that the liquid position of the International Paper and its subsidiaries is due to the large financing which has been carried out steadily for the past few years. Nevertheless, the company is financially strong, a feature of its operations which is significant particularly in view of the situation obtaining in the paper markets.

The International Paper at the close of 1927 showed fixed assets of $237,000,000 against a funded debt of $103,000,000. The comparison between fixed assets and funded debt is the more satisfactory as plants and properties are carried in the fixed assets after depreciation, and depreciation reserves have been of a healthy size for a number of years. In addition, the securities carried in the investment account are undoubtedly carried at a figure well below their market value.

If the present unsatisfactory conditions prevailing in the paper market undergo a substantial betterment, International Paper's success in the future will probably be comparable to anything yet achieved along industrial and financial lines. The speculative feature of the shares, though, lies in the fact that the capacity of the paper mills of this continent are about 25 per cent. in excess of the demand for newsprint paper, with the result that newsprint prices have declined over the last two years and there has been a sympathetic movement in virtually all pulp and paper commodities. Obviously, the market for newsprint paper cannot break without the market for sulphite and groundwood pulp being affected and without causing a certain increase in fine paper production from mills which find they cannot manufacture newsprint profitably.

Two Companies Identical

At the moment, the International Power and Paper Company can be regarded as more or less identical with International Paper. Ultimately, International Power's paper holdings will probably be entirely controlled by International Paper and its power and public utilities holdings will be held by the parent company.

There undoubtedly exists the possibility of the paper industry getting down to a basis comparable to that of other industries where capacity production is the exception rather than the rule. Although the paper industry differs somewhat from other lines in that operating costs decline more than proportionately as the scale of operations increase. However, if the paper business adjusts itself satisfactory to conditions now prevailing and likely to prevail for some time to come, International Paper should be able to carry itself through any thin times on the increasing earnings from its power projects.

Enjoys Able Management

The management of International Power and Paper is able. It seems probable that Archibald Graustein, the president, and his board will desire further expansion and that other companies will be bought or acquired by an exchange of shares. Apparently, the International management is out to dominate quite completely the whole paper situation on this continent. If it succeeds in so doing, the shares will be worth materially more than their present price. The present position and industrial conception which inspired the management to undertake the large expansion program now nearing completion is something that certainly increases the attractions of the common stock, although it also makes it the more speculative.

It is said that the price of the shares has been pegged on the market. Pegged or not pegged, as a long hold speculation for a business man International common are undoubtedly one of the most interesting issues either on the Canadian or New York stock markets. Perhaps, though, the stock can be bought later at lower levels.

Vast Timber Holdings

In Canada, International Paper's timber limits reach all the way from Lake Nipigon, where another mill is to be erected, to Nova Scotia, with the bulk of the limits situated on the Gatineau, Ottawa and St. Maurice watersheds in Quebec. There are large limits in Gaspé and New Brunswick which will be utilized to feed the company's New Brunswick paper mill project.

In Newfoundland, the company has obtained extensive limits which will ensure an adequate supply of pulpwood for some of its U. S. operations. International Paper also has limits scattered throughout the New England States, but in size these are not comparable to the Canadian and Newfoundland limits.

In Arkansas, Mississippi and Louisiana, the company owns limits which feed its four southern kraft mills. The other mill properties are largely located in Quebec and in the New England States, but there are plants in Pennsylvania, Ohio, Ontario, New York and Wisconsin. The company also has its subsidiaries in Newfoundland and in New Brunswick.

New England Power Association

The New England Power Association in which International Power and Paper will own a large proportion of the stock, is the largest electric utility organization in the New England States; its power developments are the largest east of Niagara. Power and light are furnished in Vermont, New Hampshire, Massachusetts, Rhode Island and Connecticut, covering an area of about 9,000 square miles. Through the sale of power to local distributing companies, the New England Power supplies light and power to 257 communities having a population of two and one half million people. The system produces 1,200,000,000 kilowatt hours of electricity annually.

In Canada, the company's hydro electric developments largely supply its own and other pulp and paper plants. On the Gatineau, though, the plants there have a contract for large blocks of power with the Ontario Hydro Electric Commission, which has erected a transmission line from Toronto to the Gatineau Power Company's plants.

CONSOLIDATED INCOME AND SURPLUS ACCOUNT, YEARS ENDING DEC. 31

	1927 $	1926 $	1925 $	1924 $	1923 $	1922 $
Gross Sales	65,416,136	60,177,334	51,379,070	....	....	....
Deduct: Cost of sales, expenses and losses	49,886,277	50,103,082	43,166,686	....	....	....
Net Earnings	15,529,859	10,074,252	8,212,383	7,815,505	8,074,577	†1,047,128
Deduct:						
Depreciation	4,552,734	3,756,278	3,404,519	3,176 208	3,144,738	2,715,726
Bond Interest	4,462,355	2,802,982	2,195,969	938,640	962,799	962,846
Bond Discount	379,866	239,708	......	......	......	......
Income Tax Reserve	377 000	......	61,594	......	157,500	......
Res. for Bad Debts and contingencies	......	......	......	1,168,000	......	......
1st Pref. Div. Can. Hydro-Elec. Corp.	21,404	......	......	......	......	......
Add Conting. Res. Adjust.	......	......	1,000,000	......	......	......
Net Profits	5,736,499	3,275,284	1,250,301	2,532,657	3,809,540	†4,725,800
Deduct Appropriations for:—						
Preferred Dividends	3,728 253	2,198,471	1,979,020	1,500,000	1,500,000	1,500,000
Common Dividends	1,958,658	750,000	......	......	......	......
Surplus for Year	49,588	326,812	1,571,281	1,032,657	2,309,540	†6,225,800
Deduct:						
Inventory Adjustment	......	......	......	......	......	2,846,691
Add Previous Surplus	22,258,080	21,857,218	18,144,986	17,112,330	14,802,790	23,875,180
Capital Surplus*	71,730	74,050	2,140,950	......	......	......
Premium on Stock	269,145	......	......	......	......	......
Balance Carried Forward	22,648,544	22,258,080	21,857,218	18,144,986	17,112,330	14,802,790

† Deficit. *Conversion of 6% to 7% preferred stock.

In addition, power and light is distributed in the territory reaching from west of Ottawa along the Ottawa valley to a point north and east to the island of Montreal.

Another Canadian subsidiary of International Paper is the Continental Paper Products which was a subsidiary of the Continental Paper and Bag Corporation. Continental Paper and Bag, in turn, was a subsidiary of International Paper. The parent company owned 51 per cent. of the stock. This year International acquired the complete ownership of the parent U. S. organization.

Reason For Association

The laws under which the New England Power Association operates, do not permit the shares of that organization to be held by a corporation. Hence, International Paper, instead of forming a new holding company, has formed the International Paper and Power Co., a Massachusetts voluntary association, to control this utility.

A Massachusetts voluntary association is an unincorporated company formed under the law of Massachusetts by a declaration of trust made and executed by the trustees. This declaration of trust is the constitution of the company and corresponds exactly with the charter of an incorporated organization. Through this trust, the directors control the operations of the company.

The beneficial interest in the trust is represented by shares. The shares entitle the holder to vote. The primary matter on which voting will be done is the election of directors. Shareholders would also vote on certain amendments to the declaration of trust relating to increases or changes in the share capitalization. The shareholders may also remove the trustees, as well as the directors.

The business of the new company will be run by a board of directors subject to certain technical powers vested in the trustees. As the company will not be a corporation, the declaration of trust will contain certain provisions for the protection of the shareholders, the directors, the officers and the trustees against personal liability.

Capitalization—	Authorized	Outstanding
Com. (n.p.v.)	1,000,000 shs.	1,000,000 shs.
Pref. 7% cum. ($100 par).	$100,000,000	$77,302,800
Pref. 6% com. ($100 par).	25,000,000	2,132,700

6% preferred convertible into 7% preferred on cash payment of $10 per share; 228,673 converted.

Funded Debt—

Total outstanding $102,804,234, consisting of:

5% first and refunding mortgage bonds due 1947; outstanding $17,433 000.

6% refunding mortgage bonds, due 1955; issued $23,262,500, less pledged to secure 6% serial gold notes, $1,600,000; outstanding $21,662,500.

6% serial gold notes, due 1929-1936; outstanding $1,600,000.

6% convertible debentures; outstanding $397,300; called for redemption.

Ticonderoga 5% refunding mortgage bonds, due 1930; outstanding $243,000; 6% refunding mortgage bonds, due 1940; outstanding $554,500.

Riordan 6% bonds, due 1942; outstanding $1,286,200. Purchase [illegible] $206,354.

Property purchase obligations [illegible]

Bastrop 6½% first mortgage bonds, due 1940; outstanding $894,400.

Louisiana 6% bonds, due 1933; outstanding $150,000.

Gatineau Power 5% first mortgage sinking fund bonds, due 1956; outstanding [illegible] 292,500. 6% debentures, due 1941; outstanding $12,257,000.

St. George Pulp & Paper Co. 6% first mortgage bonds, due 1932; outstanding $132,000.

Officers and Directors—

A. R. Graustein, pres.; Allen Curtis, [illegible] vice-pres.; J. L. Fearing, vice-pres. [illegible] sales mgr.; Owen Shepherd, vice-pres. [illegible] treas.; A. H. White, vice-pres. [illegible] engineer; R. J. Cullen, vice-pres. [illegible] Hurlbut, vice-pres.; F. G. Simons, [illegible] B. O. Booth, auditor. M. G. Chace, F. N. B. Close, Herman Elsas, P. H. [illegible] J. R. Macomber, R. Pagenstecher, [illegible] Phipps, L. P. Reid, A. H. Wiggin, O. [illegible] Reid, C. K. Simonds, F. D. Comerford, W. C. Baylies.

Canadian International Paper Co., Officers and Directors—

A. R. Graustein, pres.; Brig.-Gen. J. [illegible] White, vice-pres.; Allen Curtis, vice-pres.; Owen Shepherd, vice-pres. and treas.; F. G. Simons, sec.; Hon. Raoul Dandurand, V. M. Drury, Gordon C. Edwards, J. [illegible] Fortier, Sir Lomer Gouin, N. C. [illegible] M. McCarthy, J. W. McConnell, J. R. Macomber, G. H. Montgomery, J. S. Phipps, Hon. Donat Raymond, H. P. [illegible] J. F. Rollins, Hon. W. D. Ross, T. A. Russell, F. N. Southam, Hon. Smeaton White, A. H. Wiggins, E. R. Wood.

Dividend Record—

Preferred—7% per annum, paid quarterly since July, 1925.

Preferred—6% per annum, payable quarterly. 6% was paid from July, [illegible] to Jan. 1908; 1% April and July, 1908; [illegible] per annum from Oct., 1908 to July [illegible]; 1% Oct., 1916; 6% per annum from Jan. 1917. Accumulated dividends of [illegible] paid June, 1917, as follows: 14% in preferred stock, 12% in common stock, and 7½% in cash; stockholders who did not accept this plan of payment received cash payment of 33⅓% May, 1925.

Common—Initial quarterly dividend of [illegible] per share on no par value shares paid Aug., 1926; increased to 60c. per quarter Aug., 1927, and paid since. On old shares of $100 par value, 1% paid in 1898; 2% in 1899; none thereafter.

Market Record—

	x 1928 H	x 1928 L	1927 H	1927 L
Common	84⅞	66	81¼	[illegible]
Preferred	108	98⅝	112½	[illegible]

xTo September 18.

INTERNATIONAL PAPER & POWER CO.

Capitalization—	Authorized
Common, Class A (n.p.v.)	5,000,000 shs.
Class B (n.p.v.)	3,000,000 shs.
Class C (n.p.v.)	3,000,000 shs.
Pref., 7% cum., red., conv. ($100 par)	$100,000,000
Pref., 6% cum., red. ($100 par)	2,000,000

Exchange of shares offered on the following basis: Share for share of the 7% and 6% preferred; 1 share Class A common, 1 share Class B, and 1 share Class C, for each common share held.

7% preferred carries the right of conversion up to June 30, 1933, exercisable by the first $50,000,000 par value of the stock presented for conversion (less amounts redeemed), into Class A common stock (or common stock if the classes have disappeared), at special prices.

Officers—

A. R. Graustein, pres.; J. F. Rollins, [illegible]

Executive Committee—

F. N. B. Close, A. R. Graustein, J. R. Macomber, J. W. McConnell, J. S. Phipps, A. H. Wiggin, O. D. Young.

Dividends—

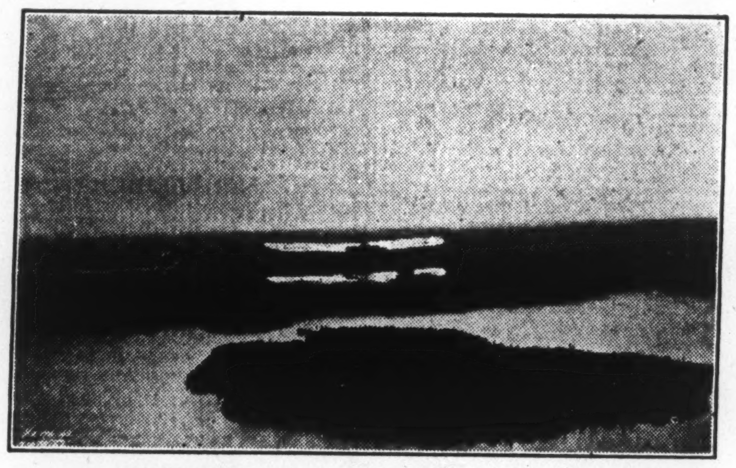
Preferred—7% per annum, payable quarterly, and 6% per annum, payable quarterly.

Common—Class A stock entitled to aggregate dividends of $12 a share before Class B receives dividends; then classes A and B constitute one class, and are entitled to further aggregate dividends of $12 a share before class C receives dividends; thereafter all shares become simply shares of common stock.

For other companies in International Paper group, see page 33.

AVIATION
Flying Boats and Aeroplanes
of
Canadian Design
Canadian Manufacture
and
Canadian Material

AVIATION
Machines Designed
for
Any Purpose
and
Climate



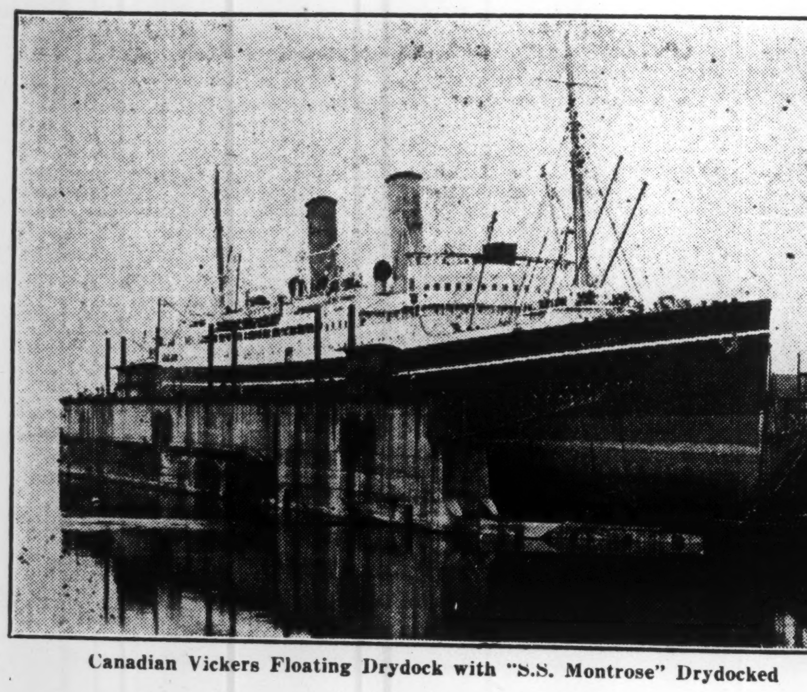
VEDETTE—3-Seater Forest Patrol Machine

CANADIAN VICKERS LTD.

SHIP WORK
Design Building Repairs Tugs Barges
Logging Craft
25,000-ton Capacity Floating Dock

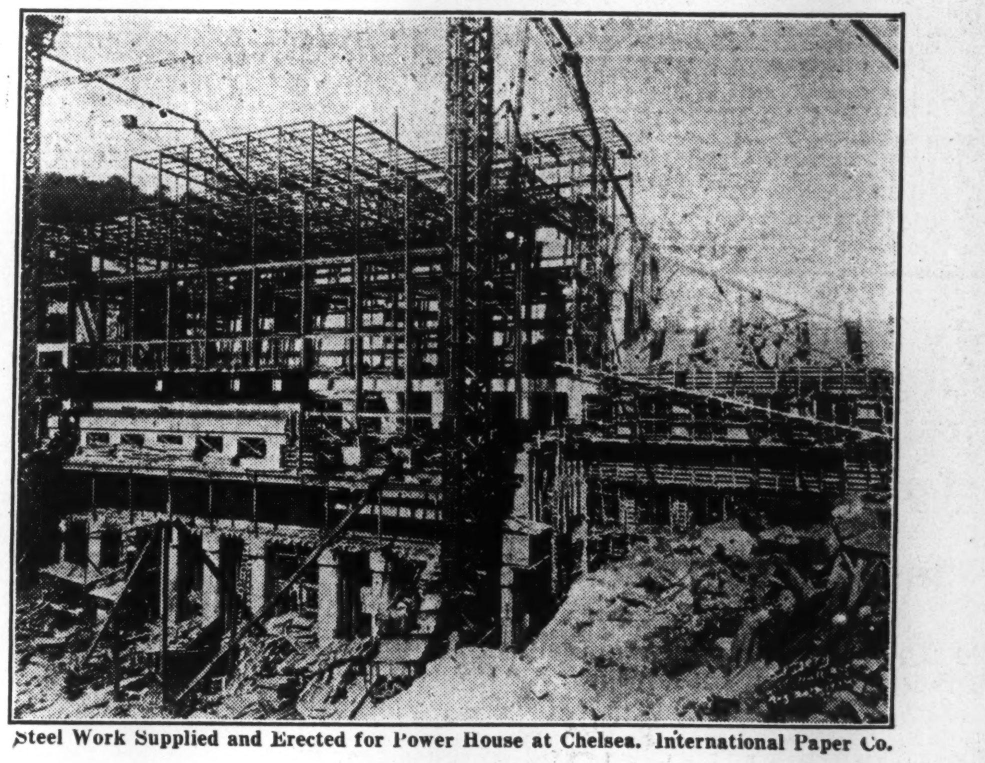
GENERAL ENGINEERING
Pulp and Paper Mill Equipment: —
Digesters, etc.
Hydro Electric Equipment: —
Travelling Car Gate Hoists
Stationary Gate Hoists
Stop Log Hoists
Penstocks
Boiler and Combustion Equipment: —
Kidwell Bent-tube Boilers
Vickers Straight-tube Boilers
H. T. R. Boilers
Steam Accumulators
Stacks
Mining Machinery: —
Electric Hoists
Tube Mills
Skips Cages
Mine Cars Screens
General: —
Oil Stills Tanks Steel Buoys

STRUCTURAL STEELWORK
Fabricated and Erected for Bridges, Industrial Plants, Sluice Gates and Buildings of all Descriptions



Canadian Vickers Floating Drydock with "S.S. Montrose" Drydocked

MONTREAL
Quebec



Steel Work Supplied and Erected for Power House at Chelsea. International Paper Co.

Hinde & Dauch

Manufacturers of Fibre Materials Are Rapidly Expanding

The Hinde & Dauch Paper Co. was incorporated in 1910 and the present company in 1924. The company is the largest manufacturer in Canada of fibre shipping boxes and corrugated paper products and also is the largest producer of straw paper for corrugating purposes. The company's principal office is at Toronto and its plants are located at Toronto and Trenton.

The company recently has acquired the Thompson & Norris Co., with plants at Toronto and Montreal and it is the intention of the company soon to open a plant in Winnipeg. Owing to the high freight rates on bulky products of the company it is desirable that manufacturing take place as near as possible to the principal markets and for this reason the establishment of additional plants in Western and Eastern centres may be expected as the demand for fibre packing materials increases.

Investment interest in this company is new, a $1,500,000 issue of first mortgage bonds having been offered the public this year. The bonds are amply secured and earnings are shown at more than six times interest requirements.

Shortly after the bond issue, a block of the common stock, theretofore all privately held, was distributed through a Toronto investment banker and a little latter the shares were called for trading on the Toronto Curb. These shares are attractive as a speculative investment.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	300,000 shs.	300,000 shs.

Funded Debt—
6½% first mortgage sinking fund bonds, series "A," due 1948; authorized $3,000,000, issued (series "A"), $1,500,000.

Officers and Directors—
Sidney Frohman, pres., Sandusky, Ohio; O. H. Moore, gen. mgr., Toronto; R. K. Ramsey, sec.; Ralph King, Toronto; Geo. Little, Xenia, Ohio; M. H. Church, Cleveland, Ohio; John Watt, T. E. Lloyd, treas.

Earnings—
Net earnings, after allowance of $86,463 per annum for depreciation, for 5 years ended Dec. 31, 1927, averaged $567,400; for 1927, $605,559, equal to 7.34 times bond interest requirements.

International Paper

(See also page 32)

Can. International Paper

Capitalization—	Authorized	Outstanding
Capital	6,000 shs.	6,000 shs.

No par value. All owned by Canadian International Paper, Ltd., except eleven directors' shares.

Officers—
A. R. Graustein, pres.; J. B. White, Allen Curtis, vice-pres.; Owen Shepherd, treas., New York; F. G. Simons, sec.

Directors—
Raoul Dandurand, V. M. Drury, Sir Lomer Gouin, George H. Montgomery, J. W. McConnell, Donat Raymond, F. N. Southam, Smeaton White and J. B. White, all of Montreal; Gordon C. Edwards, Ottawa; J. H. Fortier and J. M. McCarthy, Quebec; A. R. Graustein, Neil C. Head, A. H. Wiggin and J. S. Phipps, New York; John R. Macomber, Boston; T. A. Russell, E. R. Wood and W. D. Ross, H. P. Robinson, J. F. Rolfins.

Funded Debt—
(1) Riordan Pulp and Paper Co., Ltd., 6% First Mortgage Sinking Fund Debentures—Dated June 30th, 1912; due June, 1942. Interest payable June 30 and Dec. 31. Authorized $2,500,000; (closed), outstanding $1,286,200.

Can. Hydro Electric

Capitalization—	Authorized	Outstanding
Common	1,000,000 shs.	1,000,000 shs.

No par value. Held by International Electric Securities Corp.

1st pref. 6%	$37,500,000	$12,500,000
2nd pref. 6%	25,000,000	25,000,000

Held by International Electric Securities Corp., a wholly-owned subsidiary of International Paper Co.

Funded Debt—
None.

Dividend Record—
First preferred, 6% per annum, payable March, June, Sept. and Dec. 1. First payment made March 1, 1928.

Officers and Directors—
A. R. Graustein, pres.; A. G. Yeoman, vice-pres.; F. G. Bush, sec.-treas.; F. C. Dobell, C. R. McKenzie, C. C. Meek, C. S. Richardson.

Gatineau Power

Capitalization—	Authorized	Outstanding
Common	500,000 shs.	500,000 shs.

No par value.

Preferred 6%	$25,000,000	$25,000,000

Par $100.
All issued stock of both classes, except Directors' qualifying shares, owned by Can. Hydro-Electric Corp.

Funded Debt—
1st mortgage, 5%, due 1956, authorized, $250,000,000; outstanding, $43,292,500.
Sinking fund debentures, 6%, due 1941, authorized, $12,500,000; outstanding, $12,257,000.

Officers and Directors—
A. R. Graustein, pres.; J. B. White, vice-pres.; G. G. Gale, vice-pres. and gen. mgr.; Owen Shepherd, treas.; F. G. Simons, sec.; N. C. Read, C. H. Montgomery.

International Fibre Board

Capitalization—	Authorized
1st pref., 7%	$1,500,000
2nd pref., $6 (n.p.v.)	65,000 shs.
Common (n.p.v.)	10,000 shs.

Parent company owns $1,200,000 of first preferred, 30,000 shares of 2nd preferred and all common stock.

Property—
Plant at Midland, Ont., capacity 25 tons a day of insulating building board. New plant with initial capacity of 50 tons a day being constructed near Gatineau newsprint mill.

International (Nfld.)

Company is Steadily Bettering Its Operating Position

The International Power and Paper Company of Newfoundland was organized last year to take over the properties and assets of the Newfoundland Power and Paper Company. The International Paper owns all the common stock of the company. The plant contains four newsprint machines having an aggregate rated capacity of over 400 tons daily. The mill is located at the mouth of the Humber river on tidewater open eight months of the year. The harbor facilities at the mill site permit the loading of ocean going vessels so that paper can be shipped to United States, Atlantic ports and the Gulf of Mexico as well as to foreign ports. The company owns two modern oil burning vessels of 5000 tons capacity each specially designed for carrying rolls of newsprint. International Power and Paper of Newfoundland owns a hydro electric plant with a capacity of 98,000 horsepower. Through the installation of two additional units this total can be brought up to 126,000 horsepower. The timber holdings amount to 1,832 square miles freehold and 970 square miles held under crown license, a total of 2,802 square miles. These are estimated to contain 6,000,000 cords of pulpwood.

Financed By New Issue

The acquisition of the property by International ~~Paper~~ was financed by a first mortgage bond issue of $4,866,000 which is the senior security of the company. This is followed by some $19,500,000 in debenture stock and $10,000,000 in preference shares.

Investment interest in the company centres on the senior obligation which is amply secured both as to assets and as to earnings. The debentures are held publicly, but they are guaranteed either by Newfoundland or the United Kingdom. Due to the senior position occupied by the bonds, they are regarded as an out and out gilt-edged investment.

The output of the plant has been brought up to the 470 tons a day mark. It is intended to double the capacity of the plant eventually.

The company's two ships are engaged in carrying newsprint to the U. S. markets and in addition eight steamers are engaged in carrying pulpwood to the U. S. In the past, the output of the three timber months has been stored, but now steps are being taken which will eliminate this handicap. New shipping terminals at Port Aux Basques are to be erected and the mill's railway facilities connecting it with that point are being improved.

Capitalization—	Authorized and Issued
Common, par value $4.86 (£1)	$2,433,250 (£500,000)
Pref. 5% cum., par value $4.86 (£1)	10,122,320 (£2,080,000)

All common shares owned by International Paper Co.

Funded Debt—
5% first mortgage bonds, due 1968; issued $4,866,000.
4½% mortgage debenture stock, series "A", due 1948*; issued, $9,733,000; guaranteed by the British Treasury.
5½% mortgage debenture stock, series "B", due 1970; issued, $9,733,000; guaranteed by the Newfoundland Government.
Purchase money mortgages on timberlands, $285,000.

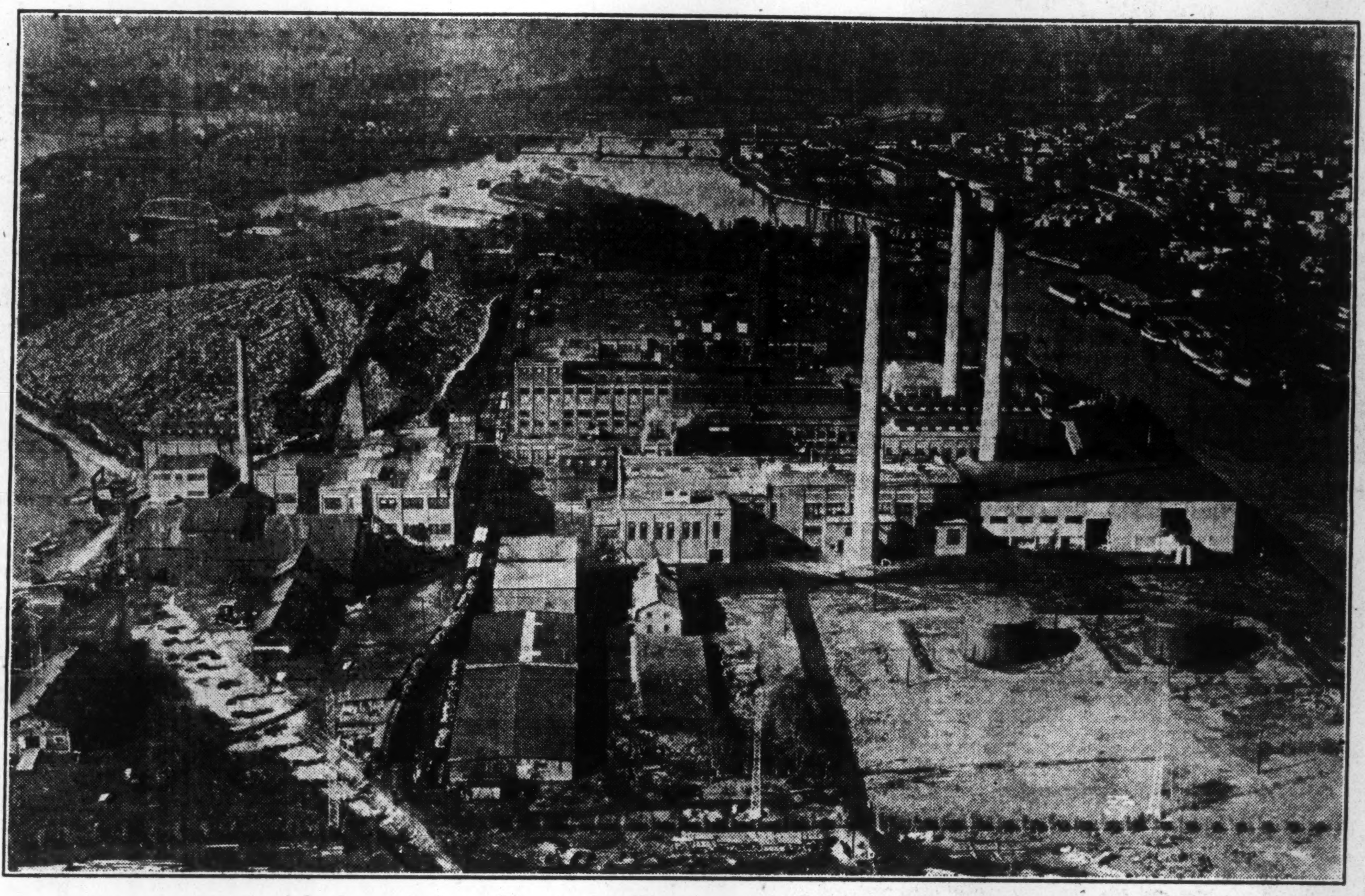
Earnings—
Net earnings, before depreciation and depletion, for year ending Nov. 30, 1927, were $2,179,340.

Officers—
A. R. Graustein, pres.

Property—
Timber holdings consist of 2,802 sq. m., 1,852 of which are freehold, with estimated stand of 6,000,000 cords of pulpwood.

---

*Company has right of extension to 1973.



Aerial view of the mills of the Wayagamack Pulp and Paper Company

MAKING CANADA BETTER KNOWN in the Markets of the World—

A CANADIAN investor on a world tour may feel a friendly glow of pride at seeing the familiar Wayagamack seal in London, Paris, Bruxelles, Capetown, Sydney, Auckland, Madras, Kobi, Shanghai, and New York.

Wayagamack's contribution to the development of Canada's export trade is continually making Canada better and more favourably known in world markets.

Incorporated in 1910, from a small sulphate pulp and kraft paper mill, the Wayagamack Company has grown until today its plant is the largest single producer of Kraft in the British Empire. In addition the company has a large newsprint output.

Pulpwood to feed the mills comes from the Wayagamack's own timber limits which cover an area in excess of 2,000 square miles. The greater proportion of these limits are located on the watershed of the St. Maurice River, with other areas on the north shore of the lower St. Lawrence. In addition, the Wayagamack Pulp and Paper Company owns one-third of the common shares of the Anticosti Corporation. This subsidiary serves as another source of supply of raw material.

Wayagamack Island, on which the mills are located, is situated at the confluence of the St. Maurice and St. Lawrence Rivers. The island is on the deep water channel of the St. Lawrence. As the company has its own tidewater docks, it can be seen that the plant is strategically located, providing facilities both for water shipments to domestic and foreign markets during seven months of the year and for the economical handling of the company's wood supply. Coal, chemicals and other raw material requirements also come to the plant by ship. Thus Wayagamack's location alone assures low overhead costs through low transportation costs.

Wayagamack has excellent railway facilities, an abundant supply of steady and industrious workmen, a strong selling organization reaching out to all sections of the globe — and the whole operated under the direction of an efficient organization directed by capable management.

Present Rated Daily Capacity
200 tons of newsprint
120 tons of Kraft paper
240 tons of sulphate pulp

Officers
C. R. WHITEHEAD, President and General Manager.
JAMES W. PYKE, Vice-President.
F. I. RITCHIE, Manager.
GEORGE HENDERSON, Comptroller.
D. L. ADAMS, Secretary-Treasurer.
R. COLLINS, General Superintendent.

Directors
C. R. WHITEHEAD, J. W. PYKE, HUGH MACKAY, K.C., G. H. DUGGAN, ALEX. MACLAREN, N. J. DAWES, J. F. TAYLOR.

Wayagamack has built up a community surrounding its plant where picturesque cottages are obtainable at low rental by the employees. The company has made the welfare of its workers its chief concern; the results of this policy are seen in the fact that there have never been labour troubles on Wayagamack Island.

Wayagamack's growth is largely traceable to the reinvestment of earnings over many years. The extent of its foreign business in kraft paper may be judged from the fact that some 60 per cent. of its kraft paper production finds a ready market overseas — in the United Kingdom, in the British possessions, in Europe and in the Far East.

Originally the greater proportion of the total output of the mills was sold as pulp. But more and more uses are constantly being found for kraft paper. Thus steadily the company is increasing the proportion of its sulphate pulp output which is turned into kraft paper in its own mills. The further manufacturing process naturally adds to the profits from the company's operations.

The diversification of output tends to lower overhead and to stabilize the earning power from Wayagamack's large assets.

Investors' full confidence in Wayagamack is well-founded on the diversity and quality of its products, the company's demonstrated good management, its trade goodwill and markets extended throughout the world.

Wayagamack Pulp & Paper Company
Limited
Three Rivers - - Quebec

Export Distributors

CANADIAN KRAFT LIMITED
THREE RIVERS, CANADA
CABLE ADDRESS: — CANKRAFT

With following Agencies

UNITED KINGDOM
Hodge-Sherriff Paper Company
London W. C. 2

FRANCE
Paul Maynard,
Paris

BELGIUM
De Tournay-Catala & Fils,
Bruxelles

SOUTH AFRICA
W. H. Smith & Co., Ltd.,
Capetown and Durban

AUSTRALIA
KRAFT
Francis A. Spicer Limited,
Sydney
NEWSPRINT
Edwards Dunlop & Co., Ltd.,
Sydney

U. S. A.
Pulp & Paper Trading Company,
21 East 40th Street,
New York

NEW ZEALAND
Th. De Schryver Limited,
Auckland

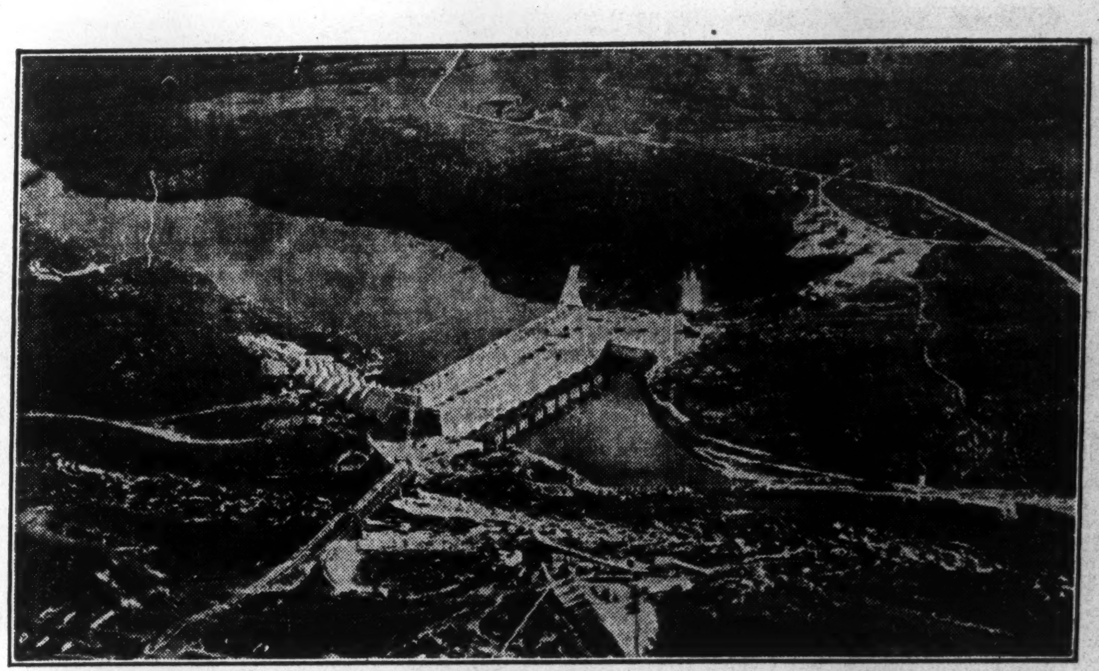
INDIA
Lendrum, Limited,
Madras

JAPAN
Lendrum (Japan) Limited,
35 Naka-Machi, (P.O. Box 222),
Kobe

CHINA
Bradley & Co. Limited,
Shanghai and Hong Kong

SWITZERLAND
J. Bachtold,
Paris (9E)

Riverbend Mill from the Air — One of the three Pulp and Paper Mills of Price Brothers & Company, Limited



The Duke-Price Power Plant from the Air — One source of Power for the Mills of Price Brothers & Company, Limited

STABILITY

A Great Forest Industry Well-Founded on Economic Essentials — Inexhaustible Timber Areas Easy of Access, Company-Owned Hydro-Power at Hand, and Diversity of Products

Some Salient Facts

Timber areas 8,564 sq. miles

Present Daily Newsprint Capacity

Kenogami — 550 tons
Riverbend — 200 tons increasing to 400 tons in 1929
Jonquiere — 35 tons

Hydro-Power Resources

Developed — 63,250 h.p.
Undeveloped — 61,000 h.p.
Available h.p. from the Duke-Price development 145,000

Sawmills Annual Production

60,000,000 ft. b.m. of lumber
42,000,000 shingles
13,000,000 laths

Annual sales of Pulp, Paper and Lumber Products exceed $15,000,000.

Peak employment 10,000 workers.

Annual distribution in salaries and wages approximately $5,750,000.

IT IS of interest that the growth and sound progress of Price Brothers and Company in the lumbering and pulp and paper field parallels that of the success of another important Canadian achievement — the growth of McGill University. This fact is mentioned because William Price, the founder of Price Brothers, in 1817 associated himself in lumber operations with James McGill, the founder of McGill University.

The success of both these undertakings and the important part they play in their respective fields in Canada today is but a tribute to the solid foundation on which they are builded plus the adherence of those who came after to the ideals, the initiative, the vision and sound business methods which inspired the founders,

Price Brothers today is in an especially favorable position. Economists agree that the future of Canada's pulp and paper industry is secure with those companies with adequate timber limits readily accessible, low production costs through modern mill efficiency and adjacent low cost hydro-power, and a record of proven management. Price Brothers have well nigh inexhaustible timber limits—further augmented by the recent part purchase of the Quebec Pulp and Paper Mills.

In hydro-power, Price Brothers and Company control water powers of an estimated capacity in excess of 125,000 h.p. with a present developed capacity of 63,250 h.p. In addition, Price Brothers are now using 145,000 h.p. from the Duke-Price Power Company.

The record of management stands. Constant research work and experimentation in improved methods and far-seeing policies are, we believe, maintaining the company's traditional standards of sound management.

Newsprint paper, Manilas and Specialties, Cardboard, Groundwood Pulp, Sulphite Pulp, Pulpwood, Spruce Lumber, Cedar Shingles, Laths, Ties.

PRICE BROTHERS & CO.

LIMITED

QUEBEC, CANADA

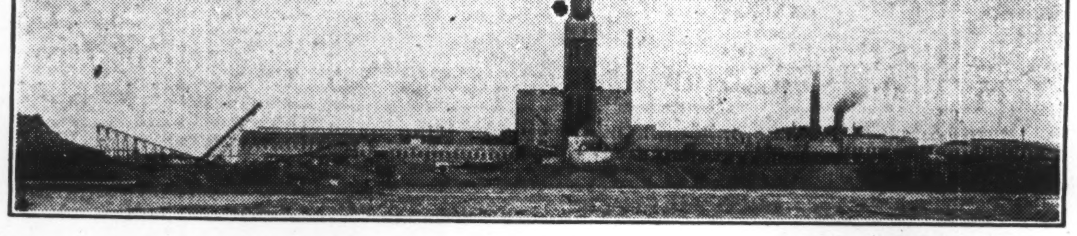
For the first time as an independent newsprint unit and without any other connection, Price Bros. & Company, Limited are in a position to adopt an independent sales policy under—

PRICE BROTHERS SALES CORPORATION

QUEBEC, CANADA

Pulp and Paper Mills

KENOGAMI
RIVERBEND
JONQUIERE



Kenogami Mill Output 550 tons daily

Saw Mills

SOUTH AND NORTH
SHORES, ST. LAWRENCE
and
SAGUÉNAY RIVERS

Port Alfred Corp.

Up-to-Date Property on Saguenay Tidewater—Higher Scale of Operations Would Make Earnings Very Substantial — Has Good Record

Ever since its inception as a sulphite pulp producer, the Port Alfred Pulp and Paper Corporation, with its mill at Port Alfred, just a few miles below Chicoutimi on the Saguenay, has maintained an enviable earnings record. The newsprint capacity of the mill is rated at over 400 tons daily—but to date the scale of operations at the plant has hardly been over 60 per cent. of capacity. Hence, the showing made in 1927 was regarded as eminently satisfactory.

If, as and when the market for newsprint paper improves, Port Alfred should give a good account of itself. In the meantime, though, its earnings this year will be affected unfavorably, like those of all the other newsprint companies; the market outlook for its stock is virtually identical with other companies in the industry. To attempt to assess the present value of the shares, it is necessary to consider the somewhat unsatisfactory position of the industry as a whole, as well as the sound features of the company itself.

Comparatively Recent Mill

The equipment at the mill includes four newsprint machines of the latest design, with complete complementary equipment. The company owns or controls pulpwood areas estimated to contain over 20,000,000 cords of pulpwood, sufficient virtually for a perpetual supply of raw material at capacity operation. Through the control of water powers, and by the favorable contracts which it holds with the Duke-Price Power Company, the mill is assured of adequate power supply at a low cost.

All the properties are thoroughly modern, as the construction of the newsprint mill was completed only about two years ago. The plant is located on tidewater on the Saguenay which permits the loading and unloading of ocean vessels during seven months of the year. Hence, the corporation enjoys the economies available by shipping by water its outgoing finished products and incoming raw materials. Through the Roberval and Saguenay Railway, of course, the corporation has access by rail to the newsprint-consuming markets. Jointly with Price Brothers, Port Alfred controls the Quebec Pulp and Paper Corporation, from which it purchases wood. Jointly with Wayagamack and Canada Power, Port Alfred owns a one-third interest in Anticosti Corporation, another source of wood supply. Both these subsidiary companies are reviewed separately in this issue.

Reasons For Stock Decline

The big decline in the shares of Port Alfred which took place three or four months ago, was due to no change in operating conditions, or in the financial position of the company. The decline was due to two factors, namely, the general decline in the price of newsprint stocks, and the fact that some interests were endeavoring to boost the shares on unfounded merger rumors.

It was said that Port Alfred would merge with the Canada Power and Paper Corporation, which is controlled by closely-associated interests.

Eventually, there are many reasons for anticipating some kind of closer association between these two companies—but not yet. To date, Port Alfred, because it is one of the newer newsprint producers, has had to take up more than its share of the slack conditions of the industry. This explains why Port Alfred's scale of operations has been lower than that of some of the other producers.

Output Has Been Small

The owners of Port Alfred, therefore, in view of the excellent showing which the company has made, may wish to see how earnings show up under more favorable conditions before selling the property to a larger organization. It is possible, though, that if conditions in the newsprint industry grow more unsatisfactory, Port Alfred might still be merged to effect the economies in operation, but even if it went into a merger, it is doubtful whether Port Alfred could be operated on a lower cost basis than at the present time.

In 1926, Port Alfred only produced 75,751 tons of newsprint as compared with its rated capacity of 120,000 tons annually. Port Alfred has, in addition to its newsprint, a surplus production of sulphite. Last year, of its total production, 65 per cent. consisted of newsprint and 35 per cent. of sulphite pulp. The weak markets for sulphite pulp for last year and this year have also had an unfavorable bearing on profits.

On its total production of 116,000 tons of pulp and paper last year, the company earned $816,000 applicable to the common stock, after meeting all charges including preferred dividends and depreciation. This works out at about $6.80 a share, a good showing, particularly when compared to Port Alfred's scale of operations in that year.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	120,000 shs.	120,000 shs.
Pref. 7% cum. ... ($100 par).	$6,000,000	$6,000,000

Funded Debt—
5½% first mortgage sinking fund bonds, series "A," due 1957; outstanding $14,999,667 (consisting of $10,133 000 series "A" bonds, and $4,866,667 debenture stock, series "A.") The 6½% and 6% bonds outstanding Oct., 1927, were retired out of the proceeds of this issue.

Dividend Record—
Preferred—7% per anum, paid quarterly. Initial dividend paid Sept., 1925.
Common—None paid.

Officers and Directors—
Sir Herbert S. Holt, chairman; Geo. M. McKee, pres.; Arthur Cross, R. O. Sweezey, vice-presidents; Alfred Wagner, sec.-treas.; G. W. Hodgson, compt.; E. A. Macnutt, Montreal; J. H. Gundy, Toronto; C. E. Taschereau, Quebec, P.Q.

Properties—
Properties include complete sulphite mill, 4 newsprint machines and equipment, and sulphite pulp digester. Total annual capacity 135,000 tons newsprint paper and 45,000 tons sulphite pulp. Timber limits have estimated pulpwood content of 20,000,000 cords.

INCOME AND SURPLUS ACCOUNT
Years Ending Dec. 31

	1927	1926	1925
	$	$	$
Net earnings	2,266,365	1,260,930	921,935
Deduct:			
General and admin. exp. .	....	119,990	63,519
Bond, bank & other interest	537,030	381,825	305,965
Deprec. & deplet.	492,942	260,364	239,358
Net profits	1,236,393	498,751	318,093
Deduct:			
Pref. dividends	420,000	222,122	47,945
Surplus for year	816,393	276,630	265,148
Earnings on Capital Stock—			
Preferred	20.60%	8.31%	15.49%
Common	$6.80	$2.30	$2.86

Market Record—

	†1928 H	†1928 L	1927 H	1927 L	1926 H	1926 L
Preferred ..	108	97	107½	95	..	..
Common ...	150	60	100	55	..	..

†To Sept. 11.

Anglo-Canadian

Has Recently Brought All Machines Into Operation

The investment interest in the Anglo-Canadian Pulp and Paper mills is not large in Canada for most of the securities were sold in England. Some of the common stock, though, is held in this country. The mill first entered production at the beginning of this year; since then, the output has reached the 400 tons a day mark. Ultimately the capacity of the plant will be 450 tons a day. It is understood that about half the output is sold to the Hearst interests in the United States and the remainder will be sold to the papers of Lord Rothermere in Great Britain.

The timber limits are on the Manicougan River and cover an area of about 22,037 square miles; these are leased from the province of Quebec. The limits are estimated to contain 8,000,000 cords of pulpwood.

The company holds a contract with some of Rothermere papers whereby the British newspaper companies have an option of purchasing annually 41,600 tons of paper at $15 per ton over the cost price to the company.

It is only within comparatively recent weeks that the company commenced operating the last two of its newsprint machines. While a substantial portion of the output is probably to be purchased by Lord Rothermere who has a large interest in the undertaking yet, some of the output of the plant enters the U.S. field in competition with the output of the Eastern Canadian mills. The total cost of erecting the plant amounted approximately to $11,500,000.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	135,000	135,000
Pref. 7 per cent. ($100 par)	$8,000,000	$8,000,000

Funded Debt—
6½ per cent. first mortgage guaranteed debentures, due 1956; Outstanding £3,000,000.

Dividend Record—
Preferred, 7 per cent., cumulative from Oct. 1, 1929, payable April and Oct. 1.

Officers and Directors—
Viscount Rothermere, pres.; F. W. Clarke, vice-pres.; G. H. Bridge, sec.-treas.; Hon. E. Harmsworth, London, Eng.; Sir H. Holt, Hon. Smeaton White, Montreal; Sir C. Fitzpatrick, R. C. McMichael, J. Cowley, E. A. Sursham, F. J. Humphrey, R. A. McInnis, W. J. Clarke, J. D. Gilmour, F. G. Bush.

Canadian Paperboard and Northern Paperboard

Expansion Program Completed — Indicates a Growth in Future Earnings

The Canadian Paperboard Company has just completed a new plant in Toronto which has increased the capacity of its daily output by 100 tons. The completion and inception of operation at the new mill should increase earnings and effect certain savings in transportation costs for the company.

The Canadian Paperboard Company has been manufacturing paperboard for thirty years. It is now the largest producer in Canada supplying more than 25 per cent. of the trade requirement of the Dominion.

As the consumption of paperboard in Canada on a per capita basis is not equal to that of the States, the future outlook of the company appears to be satisfactory. It is an ably managed organization, although in size it is not comparable, of course, to some of the larger Canadian newsprint producers.

In addition to its new Toronto plant, other mills are located at Frankford, Campbellford, Ontario, and at Montreal. These three mills have a capacity of 125 tons of paperboard a day. The demand for the output is such that its mills are operating at close to capacity.

The company owns all the common stock of the Quinte and Trent Valley Power Company which, at its power plants at Campbellford and Frankford, produces 6,000 horsepower of hydro electric energy. In addition, the power subsidiary has completed and owns a steam plant in Toronto which will supply both power and steam for the operation of the parent company's new mill there.

During the past few years the earnings of the company have shown a steady and substantial increase. In the next twelve months earnings should again take a substantial jump due to the increasing scale of the company's operations.

From an investment angle the most satisfactory point about the company establishing itself in Toronto is the fact that to obtain a market for the output of the new 100 ton machine at Toronto, Canadian Paperboard will not have to compete for business now going to other Canadian mills. The increased output will largely supplant paperboard hitherto imported and will not tend to decrease the current price of paperboard in Canada. In the past, the company has not been able to meet the demand for its production and this extension is following along sound economic lines.

As the outlook is for some years of business expansion in Canada, it can be anticipated that there will be a corresponding growth in the demand for paperboard.

The Canadian Paperboard Company is a subsidiary of and is controlled by the Northern Paperboard Company which is a Dominion company owning all the outstanding capital stock of the Tidewater Paperboard Company. The Tidewater Paper Company operates a large modern paperboard and container board mill at Norwich, Conn. More than 80 per cent. of the common stock of the company is owned by the Northern Paperboard. The present capacity of the United States mill amounts to 100 tons daily.

In the following comparisons of income accounts, it is well to remember that the 1926 year covered only a nine months period as the date of the close of the fiscal year was changed from June 30 to March 31, during that period.

One of the features of the Canadian Paperboard is the fact that over 85 per cent. of the raw material used in the plant is waste paper; the remainder consists of groundwood. Paperboard is made by a process similar to that of paper, but the pulp runs more slowly through the machines and a thicker product is the result.

The company manufactures its own groundwood pulp requirements.

NORTHERN PAPERBOARD

Capitalization—	Authorized	Outstanding
Common .... (No par value).	70,000 shs.	x26,005 shs.
Preferred 7%	$3,000,000	x$1,300,250

x Including amount held to exchange for minority holdings of subsidiary companies.

Company—Owns over 80 per cent. of common stock of Canadian Paperboard Co., and and all outstanding stock of Tidewater Paperboard Co., of Norwich, Conn.

CANADIAN PAPERBOARD

Capitalization—	Authorized	Outstanding
Common ($100 par)	$4,000,000	$2,100,500
Pref. 7% cum. .... ($100 par).	1,000,000	347,500

Funded Debt—
7% first mortgage sinking fund bonds, due 1937; outstanding $1,130,000.

Dividend Record—
Preferred—7% per annum. First dividend paid July 1, 1926, and quarterly thereafter. Common—Initial dividend of 3% paid Sept., 1924; 2%, 1925; 2%, 1926; none thereafter until 1927, ½ of 1% paid Aug. and Nov., 1927, and Feb., 1928.

Officers and Directors—
J. G. G. Kerry, pres., Toronto; J. R. Walker, vice-pres.; D. F. Robertson, gen. mgr.; John Kerry, Stanley Johnston, Montreal; D. C. T. Atkinson, Port Etchemin, Que.; C. E. Whitten, sec.-treas.

INCOME AND SURPLUS ACCOUNT
Years Ending March 31

	1928	1927	*1926
	$	$	$
Gross sales	1,777,014	1,678,775	1,241,295
Cost of goods ..	1,489,188	1,446,670	1,050,246
Net earnings ..	287,826	232,106	191,049
Other income .	23,435	15,220	16,404
Total	311,261	247,326	207,453
Deduct:			
Salaries and sundry exp.	113,234	108,639	77,464
Bond int. & taxes	62,954	60,965	47,978
Depreciation .	40,000	40,000	30,000
Net profits ...	95,073	37,721	52,011
Deduct:			
Pref. dividend	23,931	21,437	.....
Com. dividend	31,507	42,010	42,010
Propor. of add'l Power bill	.....	......	1,660
Surplus for year	39,635	†25,726	8,341
Add prev. surp.	64,173	89,899	81,558
Bal. carried for.	103,808	64,173	89,899

*9 months from June 30, 1925. †Deficit.

Earnings on Capital Stock—

	1928	1927	*1926
Preferred	27.36%	11.60%	17.33%
Common	3.38%	.77%	1.47%

St. Regis Paper

Delays Expansion in Canada Due to Hesitancy In Market

The St. Regis Paper Company of Canada has definitely decided to delay until the newsprint market shows signs of improvement, the erection of a 400 ton newsprint mill at Cap Rouge, near the city of Quebec. The plans for the erection of the mill have been completed. A commutation of taxes for a period of 15 years has been obtained from the municipality. The new mills will cost some $5,000,000.

If, as and when the St. Regis Paper Company enters the newsprint business in Canada, it seems probable that the Canadian production will be used to supplant the output of some of the company's U. S. mills which later will be turned over to other paper.

The St. Regis Paper Company of Canada is a subsidiary of the United States company of the same name. The company owns and leases valuable timber limits in the province of Quebec.

More and more is the parent company in the United States getting into the hydro electric power business. Any expansion of the parent company here will be carried out through the Canadian subsidiary.

For some years, the company has delayed expanding in Canada in anticipation of the present hesitancy in the demand for newsprint. Hence it seems probable that any further expansion in this country will be delayed for some time to come.

The parent U. S. company, in addition to owning most of the stock of the Canadian subsidiary, owns over 78 per cent. of the shares of the Power Corporation of New York.

The Canadian company is a large producer of pulpwood and its logging plants and equipment in Quebec have an annual capacity of over 100,000 cords. The chief plant of the company is located at Godbout, P.Q. The timber lands controlled in that vicinity total more than 230,000 acres, which are estimated to contain 2,500,000 cords of pulpwood.

Capitalization—
Capitalization of St. Regis Paper Co. of Canada, Ltd.:

	Authorized	Outstanding
Common (n.p.v.)	100,000 shs.	100,000 shs.

98 per cent. of the common stock is owned by the parent company. Preferred stock called for redemption June 1, 1928, at 105.

Bonded Indebtedness—
6½% serial debenture notes, authorized, $1,500,000; outstanding, $1,200,000.

Officers—
F. L. Carlisle, pres.; C. B. Martin, sec.-treas.; F. A. Rogers, asst. treas.

Thunder Bay Ships Paper by Water to Chicago

From Our Own Correspondent

MONTREAL.—The first shipment of newsprint made by the Thunder Bay Paper Company to go direct to Chicago by steamer loaded out of the new shed at Port Arthur recently. The shipment contained 1904 tons of paper, approximately 69 car loads, valued at $120,000. It was consigned to Consolidated Water Power and Paper Company, Chicago division.

Quebec Pulp & Paper

Company Depends on Groundwood — Market Likely to Stay Weak

The Quebec Pulp and Paper Corporation is controlled jointly by Price Brothers and the Port Alfred Pulp and Paper Corporation. The two large newsprint producers acquired control of the properties just under a year ago as the result of the many reorganizations through which the mills have previously passed as a result of the poor market for groundwood pulp, the only product of its mills.

The predecessor company, the Quebec Pulp and Paper Mills, came into being as a result of the amalgamation of the old Saguenay Power and Paper Company and the Chicoutimi Pulp Company. These two organizations, due to financial difficulties, were amalgamated by the bondholders who formed a new company which, in turn, sold its assets for a large preferred and common stock interest in the present organization. The shares of the new company were then distributed among the shareholders of the predecessor company.

Has Extensive Holdings

The properties include three groundwood pulp mills, two at Chicoutimi and one at Val Jalbert, P.Q. The mills have a combined daily rated capacity of 500 tons of mechanical pulp. The timber limits contain over 5,000,000 cords of pulpwood on freehold and leasehold limits and are well-located on the Saguenay and Peribonka watersheds. The company's waterpower sites have a potential capacity of 53,000 horsepower of which 36,000 horse power is developed.

Long ago, of course, the mills should have had newsprint equipment added so that the company would have been able to obtain the maximum manufacturing profits on its output, but declining markets for groundwood pulp did not provide earnings of a character which would have allowed further financing.

Might Make Newsprint

Ultimately, of course, the Quebec Pulp and Paper Corporation may be turned into a newsprint project, but it will be some time before such a development is undertaken in view of the bad market which already prevails for that commodity.

It is to be doubted whether mills which produce mechanical pulp solely can ever again operate on a really profitable basis. Hence, the immediate outlook for the undertaking is not promising—but the corporation has no funded debt and the capitalization has been scaled down so frequently, due to the several reorganizations of the predecessor company, that its present position is not as unsatisfactory as the low prevailing prices for groundwood pulp might indicate. Groundwood pulp markets, though, on which the company depends for earnings, are more than weak and likely to remain so for a long time to come.

As the new interests have controlled the property less than a year, and as the present company has been in existence only about a year, no income and balance sheet figures are yet available. As the authorized $7,000,000 in preferred stock is non-cumulative, ultimately, the common may acquire a real value. The company controls about 1,411,000 acres of timber limits—a large proportion of which are on freehold property.

While at the moment the outlook for any dividend payments is not bright, it is to be remembered that it is the ultimate aim of both Port Alfred and Price Brothers to obtain some revenue on the $3,000,000 investment which they placed in the common stock of the new company. Before either of the parent companies obtain any revenue from their subsidiary, it will be necessary to pay dividends on the new non-cumulative preferred, little of which is held by either of the parent organizations.

QUEBEC PULP & PAPER

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	100,000 shs.	100,000 shs.
Pref. 7% $(100 par)	$7,000,000	$7,000,000

Funded Debt—
(Of Subsidiary companies):
6% First Mortgage, Chicoutimi Freehold Estates, Ltd., $274,325.
5% First Mortgage, La Cie des Eaux et d'Electricité de Chicoutimi, $92,000.
Ha! Ha! Bay Land & Building Co., 5½% First Mortgage $85,700.
The common shares are owned equally by the Port Alfred Pulp & Paper Corp. and Price Bros. & Co., Ltd., purchased by the two companies in 1927 for $3,000,000. This amount was distributed to the shareholders upon exchange of shares on the following bases:
(a) For each preferred share which carried 50% bonus of common (1½ share unit), either $40 in cash and $70 of new preferred, or $21 in cash and $100 of new preferred;
(b) For each prefered share without the bonus of common, either $20 in cash and $70 of new preferred, or $100 of new preferred.
Shareholders not declaring their option within the limited time were given new preferred, share for share. When this exchange was completed, the amount remaining from the $3,000,000 and the new preferred shares left over were distributed, pro rata, amongst the common shareholders of the old company.

Funded Debt—
None.

Officers and Directors—
A. J. Brown, chairman; A. S. McNichols, pres.; A. C. Price and C. E. Bergeron, vice-presidents; J. M. Carnignan, sec.; G. E. Innes, treas.; F. G. Bush, asst.-sec.; Geo. M. McKee, A. Cross, J. L. Apedaile, J. H. Price.

Production—
Timber limits contain over 5,000,000 cords of pulpwood. Properties include 3 groundwood pulp mills with combined daily capacity of 500 tons.

Income and Surplus Account
Period March 12-Dec. 31, 1926
(Latest Available)

Gross earnings	$2,467,061
Less operating expenses	2,095,288
Net earnings	$ 371,773
Other revenue	90,134
Total	$ 461,907
Less:	
Bond interest	$ 22,237
Bank and other interest	18,696
Deprec. and depl.	198,752
Res. for taxes	6,488
Deferred charges	140,117
Net profits	$ 75,616
Add assets sold	12,997
Ins. reb. & res. of Saguenay Co.	422
Total	$ 89,036
Less premium on bonds redeemed of other companies	300
Balance carried forward	$ 88,736

The SHERIDAN NURSERIES Limited

Growers of Ornamental Nursery Stock

Evergreens, Trees, Flowering Shrubs
Perennials, Alpines and Roses

A large stock and an immense selection
Illustrated Manual and Catalogue sent free on request
A complete Landscape Service

HEAD OFFICE: 4 ST. THOMAS ST., TORONTO 5
NURSERY FARMS: 260 ACRES, CLARKSON, ONT.

CHEMIPULP
HEAT and SO_2 GAS RECOVERY PROCESS

A Short Cut to
COST REDUCTION
Which no Pulp and Paper
Mill Executive Should
Fail to Carefully
Investigate

Patented in Canada

Sold by

Canadian
Stebbins Engineering & Mfg. Co.,
Limited
MONTREAL

Cosmos Imperial Mills
LIMITED
Head Office:
HAMILTON, ONTARIO

Sole Manufacturers of "YARMOUTH" and "IMPERIAL"
PAPER MAKERS COTTON
DRYER FELTS

"THE STANDARD OF EXCELLENCE"

Manufactured in Canada in all weights and widths. A most complete range of Dryer Felts furnished in Standard Single Weave and Multiple constructions.

Also Chemically Treated (patented) felts designed to meet special mill conditions.

Mills located at Yarmouth, Nova Scotia, and Hamilton, Ont., insuring prompt deliveries to all paper mill points.

SELLING AGENT:
J. Spencer Turner Company of Canada
Limited

88 Mosley Street,
Manchester, England

Sherman Avenue North,
Hamilton, Ont.

Charles Walmsley & Co.
(CANADA) LIMITED

MANUFACTURERS

PAPER MAKING MACHINES

HYDRO TURBINE PUMPS
ROLL GRINDERS
KILBERRY SUCTION ROLLS
BEATERS
CYLINDER MOULDS
VOITH STOCK INLET

"Walmsley Machines Excel"

Office:
511 St. Catherine Street West, Montreal, Que.

Works:
Longueuil, Que.

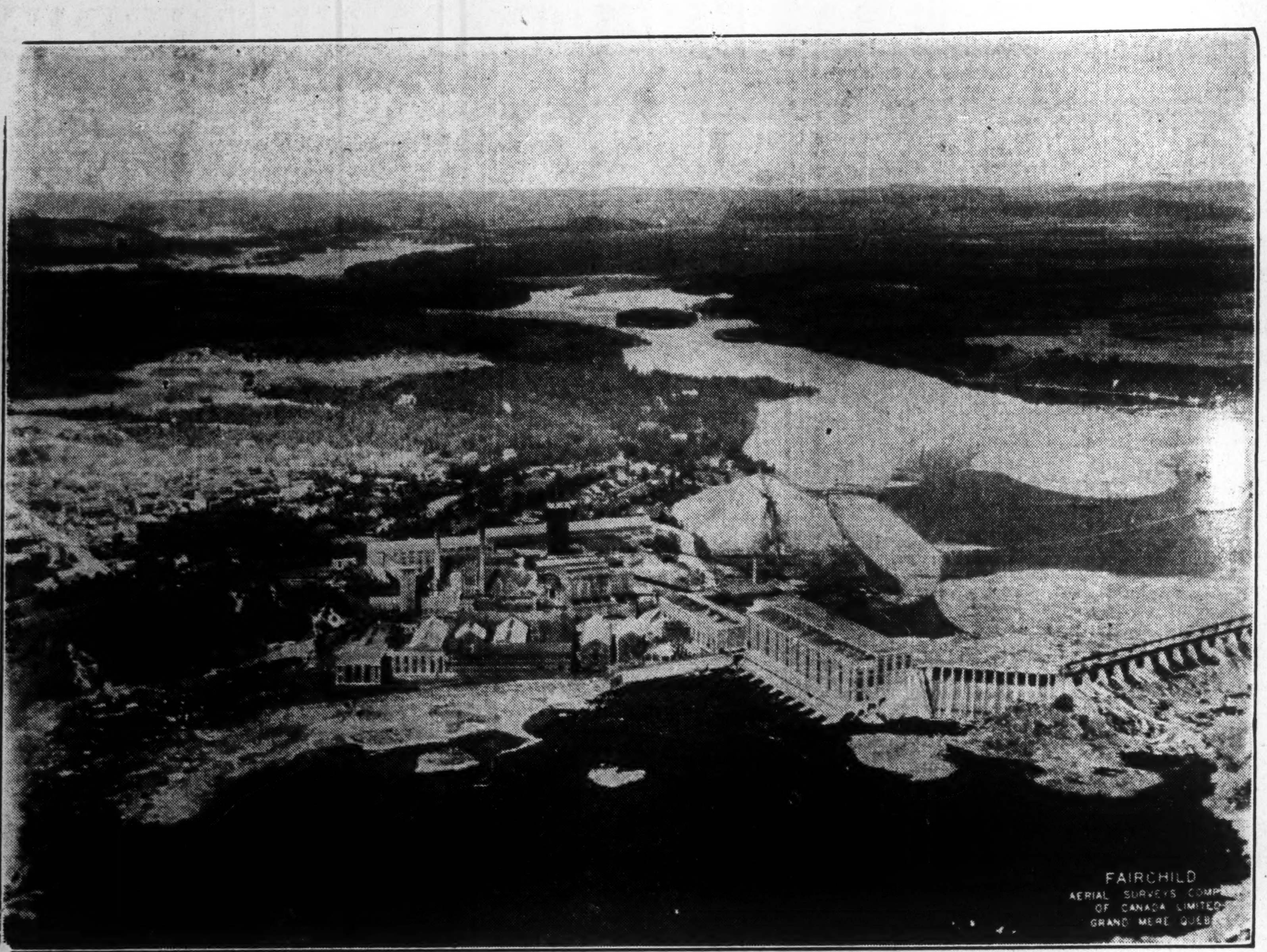
GEORGE CHRISTIE CANADA Limited
MAKERS OF
Fourdrinier Machine Wires
With special seams and edges.—Any width up to 245 inches.

Factory:
Three Rivers, P.Q.

Head Office:
410 St. Francois Xavier St., Montreal

Substantial and Economic Growth

In a Proven Partnership are now Combined the Operations of Four Long Successful Companies with a Total Daily Capacity of 1900 Tons of Forest Products.



Aerial view showing the Laurentide Company's mill at Grand 'Mére—an important unit of the Canada Power and Paper Corporation. Immediately adjacent hydro-power has contributed markedly to the Laurentide Company's low operating costs.

THE Canada Power and Paper Corporation and its predecessor company, the St. Maurice Valley Corporation, came into being solely with a view to reducing costs through the savings which have and are being obtained in the unified operation of four properties virtually all of which are located within a comparatively small area. The proximity of the plants to one another, and their location on the St. Maurice river, augment greatly the benefits which arise from a partnership into which all the components have entered gladly. The Corporation is now one of the dominant producers in the pulp and paper industry. The partnership of the component companies has widened also the range of products from the corporation's mills.

While still largely dependent on its earnings from the manufacture of newsprint, the Canada Power and Paper's output of fine paper, board, pulps and paper specialties now amounts to about one-third of the total capacity of its plants. By the formation this year of a new subsidiary company using pulp as one of its raw materials, the corporation will increase the demand for its production.

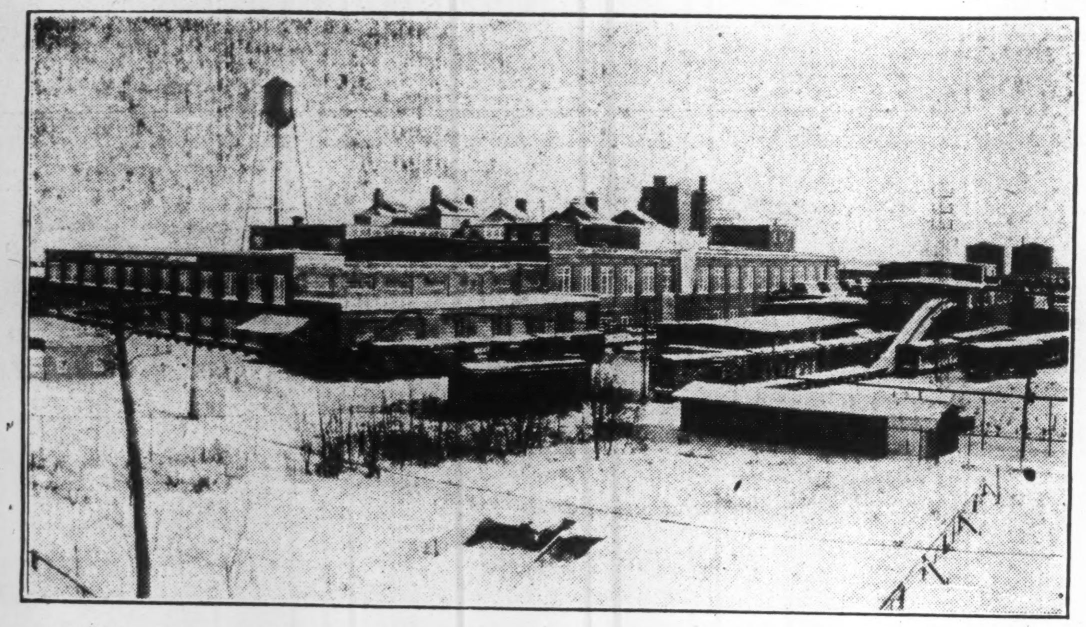
Owns Large Assets of Wide Extent

The operations of the Canada Power and Paper Corporation are divided into four sections, the Belgo, Laurentide, St. Maurice and Canada Paper divisions. The daily rated capacities of the mills amounts to 1,900 tons of pulp and paper. This tonnage is made up as follows: 1,265 tons of newsprint; 90 tons of sulphite pulp; 60 tons of sulphate pulp; 50 tons of fine paper; 50 tons of board; and 25 tons of wrapping paper. In addition, the Canada Paper division has a quantity production from its mills in Quebec and in Ontario of paper specialties.

The other three divisions of the corporation are all located on the St. Maurice river. Operating under one management, the Laurentide and Belgo mills both draw their entire wood supply from limits located on the watershed of the river, whereas the St. Maurice division, due to its location on the St. Lawrence, is able to obtain its wood at equally low cost from other of the corporation's limits located elsewhere than on the St. Maurice.

The location of the mills is such as to make possible the preservation and most economical use of the forest resources of the Corporation and also to make reductions in the costs of cutting and driving the wood to the mills.

The Corporation's forest resources are of a size which virtually ensures the perpetual operation of its mills. They contain 37,000,000 cords of pulpwood. In addition, through the ownership of one-third of the common stock of the Anticosti Corporation, Canada Power and Paper has a valuable additional investment in freehold timber.



The Three Rivers, P.Q., mill of the St. Maurice Valley Corporation. The daily capacity of the plant is 265 tons of newsprint and 65 tons of sulphate pulp. It is located at the junction of the St. Maurice and St. Lawrence rivers. Logs float directly to the mill and the finished product can be shipped directly into ocean-going vessels.

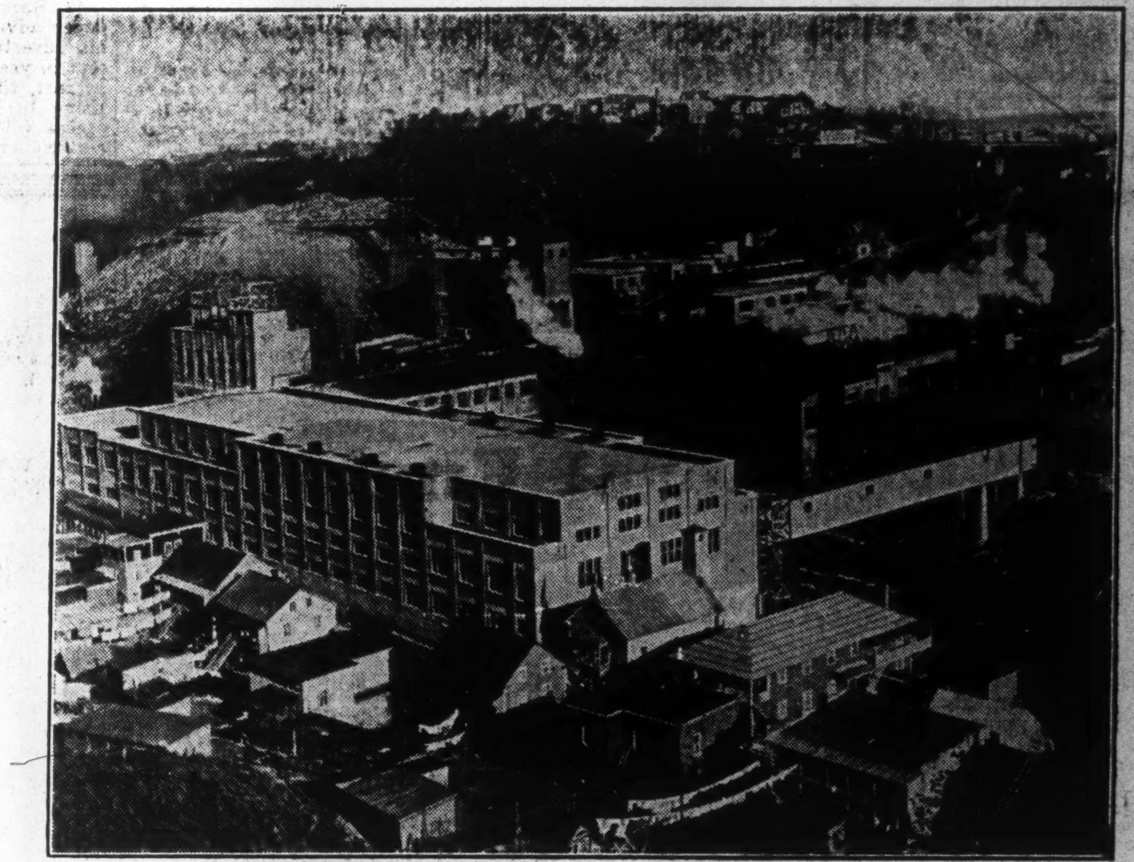
Officers and Directors:

SIR HERBERT HOLT,
Chairman of the Board

G. CHAHOON, Jr., President

GEORGE M. McKEE,
Vice-President and Man.
Director

SIR VINCENT MEREDITH
C. B. McNAUGHT
SIR LOMER GOUIN
A. CROSS
J. W. McCONNELL
G. H. MONTGOMERY, K.C.
F. A. SABBATON
W. E. WILDER
EDWIN HANSON
J. H. GUNDY



The Belgo Canadian mills of the St. Maurice Valley Corporation at Shawinigan Falls, P. Q., about twenty miles up the St. Maurice river from the corporation's Three Rivers unit. The capacity of the Belgo unit is 600 tons of newsprint daily. The location of the plant allows the wood to move largely by gravity from the time it enters the mill until it ultimately emerges as newsprint.

THE Canada Power and Paper Corporation is fortunate in its supply of power. At the time of the inception of the hydro developments on the St. Maurice River, the Belgo mill purchased under a perpetual contract at a low rate, 14,000 hydraulic h.p. The Canada Paper Company at its three mills at Windsor Mills, P.Q., develops 6,000 h.p. The Laurentide mill, due to its former connection with the Laurentide Power Company, now holds satisfactory long term power contracts. Power is supplied at low cost to the St. Maurice division through a contract entered into at the time original owners of the property contemplated the erection of the plant.

The corporation operates seven plants in all. The three large mills on the St. Maurice all produce newsprint and in addition some pulp and board. The Canada Paper Company division of the parent company operates four manufacturing units, three at Windsor Mills, P.Q., and one at Toronto. In this division is concentrated Canada Power and Paper's output of fine paper and specialties. The demand for the Canada Paper's production of paper boxes, paper bags and shipping tags is steadily increasing. The newsprint output of this division is handled, like that of the other mills, through the corporation's own sales organization.

Canada Power and Paper Corporation

***Head Office:* MONTREAL**

Featuring Pulp and Paper Securities

FOURTH SECTION THE FINANCIAL POST *FOURTH SECTION*

Vol. XXII Member of Audit Bureau of Circulations PUBLICATION OFFICE: TORONTO, SEPTEMBER 28, 1928 10c. a Copy; $5.00 a Year No. 39

Pulp and Paper Production Brings Canada $231,000,000 in New Wealth

Total Production, Total Value and Total Capital Invested in Industry Now Greater Than Ever Before — Pulpwood Production of Forests Also Increases

FIGURES WERE HIGHEST IN HISTORY

A preliminary report on the pulp and paper industry in Canada for the calendar year 1927 has just been issued by the Forest Products Branch of the Dominion Bureau of Statistics. The industry as a whole includes operations in the woods with pulpwood as a product, the manufacture of pulp and the manufacture of paper, all of which are covered by the report.

The pulp and paper industry is the most important manufacturing industry in Canada with regard to net and gross value of production as well as total value of wage and salary distribution. Canada leads the world in the manufacture of newsprint paper and exports more of this commodity than all the rest of the world combined.

Produced $231,000,000

The total value of pulpwood produced in Canada's forests shows an increase of 3.2 per cent. The total value of pulp manufactured decreased by 0.6 per cent. and the total value of paper produced increased by 6.4 per cent. If the three forms of industrial activity covered by this report are considered as one, then the net total value of production for the industry as a whole might be considered as the sum of the pulpwood exported, pulp exported and paper manufactured. This total for 1927 was $231,144,294, an increase of 3.0 per cent. over the figures for 1926. These totals for the last two years are as follows: 1923, $188,642,109; 1924, $187,174,703; 1925, $202,781,017; 1926, $224,421,230; 1927, $231,144,294. The maximum which was reached in 1920 owing to the high prices prevailing at that time was followed by a decided decrease in 1921 but 1922 and 1923 showed increases. There was a slight decrease in 1924 due to a decrease in pulp manufacture but there were increases in all branches of the industry in 1925 and 1926. The figure for 1927 is the highest in the history of the industry.

Other Compilations

If only the manufacturing aspect of the industry is to be considered, the value of production should be considered as the sum of the values of pulp made for sale in Canada, pulp made for export and paper manufactured, excluding pulpwood and the pulp made in the combined pulp and paper mills for their own use in making paper. This total for 1927 was $219,329,753 as compared to $215,370,274 for 1926, an increase of 1.8 per cent. The gross value of the manufactured products of the industry in the last five years are as follows: 1923, $184,414,675; 1924, $179,259,504; 1925, $193,092,937; 1926, $215,370,274; 1927, $219,329,753.

But 113 Mills in Canada

There were 113 mills in operation in Canada in 1927 as compared to 115 in 1926. Of these mills 41 made pulp only, 42 were combined pulp and paper mills and 30 made paper only. Two pulp mills which had operated in 1926 did not operate in 1927. Two other mills began to manufacture paper as well as pulp during the year. One new pulp mill and three new pulp and paper mills came into operation during 1927. One mill which manufactured paper only in 1926 began to manufacture some of its own pulp in 1927 and two new paper mills began to operate during the year. Six coating mills which were included in the 1926 report were transferred to another section of the census of industry as they are converting plants which do not manufacture paper but merely subject it to a coating or treating process. Disregarding the transfer of these mills from the industry there was a net loss of two pulp mills and a gain of six combined pulp and paper mills and one mill making paper only, or a gain of five mills for the industry as a whole. The 83 mills manufacturing pulp produced 3,278,978 tons valued at $114,442,541 as compared to 3,229,791 tons in 1926 valued at $115,154,199 representing an increase of 1.5 per cent. in quantity and a decrease of 0.6 per cent. in value. Of the total for 1927 the combined pulp and paper mills produced 2,262,542 tons valued at $63,558,345 for their own use in paper-making. A total of 114,476 tons valued at $5,925,550 were made for sale in Canada and 900,324 tons valued at $44,958,655 were made for export.

The 72 mills making paper in 1927 produced 2,468,691 tons of paper valued at $168,445,548 as compared to 2,266,143 tons in 1926 valued at $158,277,078, an increase of 8.9 per cent. in quantity and 6.4 per cent. in value.

Newsprint Predominant

Newsprint paper made up 84.4 per cent. of the total reported tonnage of paper manufactured in 1927. The newsprint amounted to 2,082,830 tons valued at $132,286,729, as compared to 1,889,208 tons in 1926 valued at $121,064,946, an increase of 10.2 per cent. in tonnage and 9.3 per cent. in total value. Under the heading of newsprint in Canada are included newsprint in rolls and sheets for printing, hangings and poster paper. The reported newsprint production in the United States during the calendar year 1927 was 1,486,000 tons, but this figure does not include hangings or poster paper. When these two classes are deducted from the production in Canada during the calendar year 1927 the figure for comparison is 2,075,548 tons, showing that the Canadian production of this commodity is almost six hundred tons greater than that of the United States.

Nearly $600,000,000

The total capital invested in the manufacturing part of the industry in 1927 was $579,853,552 as compared to $501,184,714 for 1926, an increase of 15.7 per cent. Only capital invested in mills operating in 1927 is included in this total.

The total number of employees on salaries and wages in pulp and paper mills in 1927 was 32,876 and the total pay roll was $45,674,293 as compared

(Continued on page 38)

Tug Tows Logs

The tug George M. McKee is the most powerful Diesel tug in Canada. She is powered with a 700-h.p., two cycle, Fairbanks-Morse Diesel engine. She was launched last May; the photograph shows her just as she left the slips. She is now used by the Anticosti Corporation to tow logs.

ADVERTISING IS TO CONTINUE ITS GROWTH IN PAST

22,000 Newspapers on the Continent Consume Much Paper

MORE SPACE BOUGHT

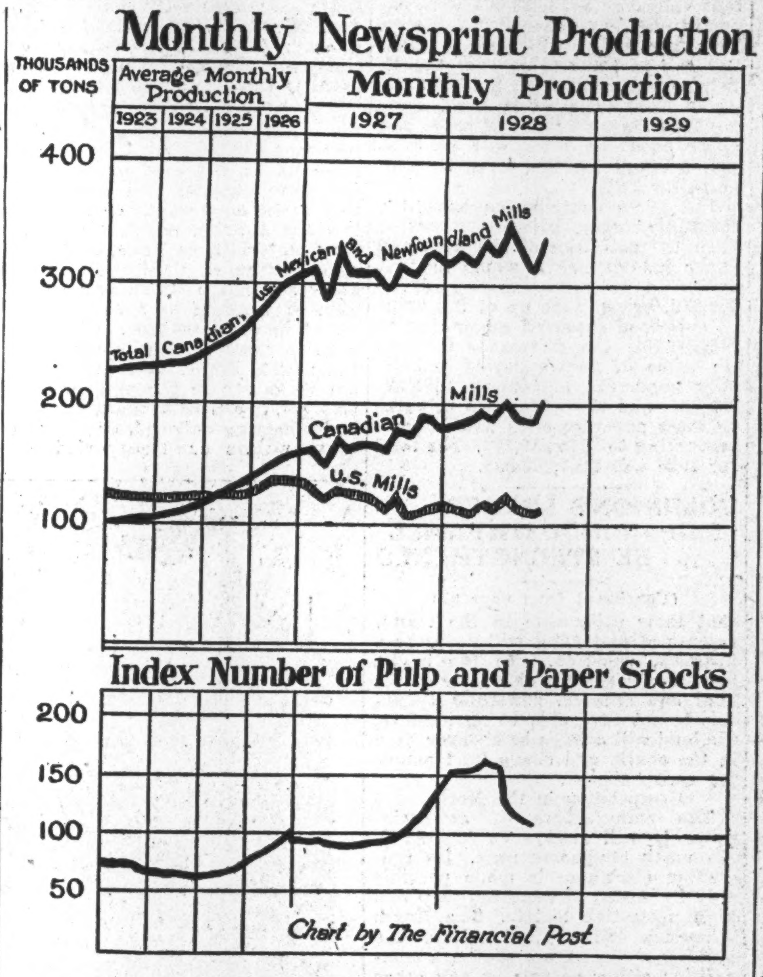
Future Must be Bright as More and More People Discover Effectiveness of Printed Appeal

On the question of future newsprint demand the evidence of a continued increase, perhaps at a more rapid rate than in the past, is evident. The principal consumers are the 22,000 odd newspapers now published in North America. Of these the English language dailies in the United States alone have combined circulations of more than 33,000,000 and the Sunday edition 22,000,000. In the five years ending with 1924, the dailies' circulation increased 25 per cent., and the Sunday 42 per cent. Furthermore, since 1919 the average size of the metropolitan daily has increased from 23 to 28 pages and that of the Sunday editions from 79 to 103 pages. Those increases in size are chiefly to meet demands for more advertising space and in the Sunday space for advertising with feature sections—the two go hand in hand.

Growth in advertising is the most potent single factor in increasing newsprint consumption from year to year. Not so long ago newspaper columns were patronized chiefly by circuses, patent medicine vendors, and later the department stores, and the increasing realization of the productiveness of this method of stimulating sales and business has resulted in a rapid change and today even the foremost banking institutions and industrial companies recognize the sound investment value of newspaper advertising. The field is still broadening. The time does not seem far distant when advertising, like plant equipment and personnel, will be regarded as among the fundamental necessities of all business. Two significant aspects of this change may be cited:

(1) The trend toward national advertising—and whenever a big manufacturer adopts such a programme, the effect is almost certain to be perceptible in the newsprint market.

(2) Rarely does a successful newspaper advertiser quit and rarely is his advertising budget reduced except in years of absolute depression. In fact, the tendency is for advertising to increase rather than decrease with any decline in business activity and sales.



The chart shows graphically something of the situation surrounding the newsprint stocks up to the end of August. The total production of this continent has again increased this year. While the industry is over expanded, it is satisfactory to note from the chart that the U. S. mills during the current year have taken up, proportionately, more than their share of the hesitancy in the demand for paper. The slump in the newsprint stocks shown on the lower chart is due, therefore, solely to the over expansion of the industry, and not to any weakening in the position of the Canadian mills as compared to their competitors. The fluctuations in the lowest curve in the two charts will depend in future on whether or not the demand for newsprint once again begins to mount towards the ever increasing capacities of the mills. Since the end of August the average price of the newsprint stocks has moved upward a little due perhaps to the seasonal increase in the demand.

Dominion's Leadership In Newsprint Industry Will be Strengthened

Canada Will Not Have to Compete with Newer Sources of Pulpwood Supply — If Forests Conserved, Dominant Position Will be Maintained

The past decade has been seen the passing of the seat of the pulp and paper industry from the New England States and the State of New York to Canada. Quebec and Ontario, New Brunswick, Manitoba and British Columbia are now the big producers.

The reason of the change is not hard to find, the American mills have been faced by depletion of their timber limits, and have had to compete with increased costs of production brought about by importation of pulp or pulpwood from Canada. The Canadian mills, on the other hand, have been established at the very base of their raw material supply.

The question arises, will the Canadian mills which have assumed world leadership in the production of newsprint be eventually forced to give ground to other sources of supply. The southern states, Scandinavia, South America or Asia? The consensus of expert opinion concedes Canada its dominant position for all time, so long as the present sources of raw material are resorted to for newsprint and other grades of paper.

The rapid growth of the industry in Canada is attributable to several factors, the placing of an embargo on exports of pulpwood from Crown lands, and the removal of the tariff on newsprint imported into the United States are two of the chief ones.

In addition to this it is to be remembered that transportation of pulpwood long distances by rail for manufacture into newspsint is inexpedient because the wood, containing water and waste material not used in the paper, weighs from two to three times as much as the finished product. Newsprint, generally speaking, should be manufactured as near the forests as possible, and in conformity with this principle the industry is constantly advancing into the forests.

Paper suited to the requirements of the daily press, that is, a fairly white sheet in which strength or lasting quality is not essential, can be manufactured from wood reduced to a pulp by grinding, with the addition of about 25 per cent. of sulphite pulp for strength.

Groundwood pulp is the cheapest available because the entire log is utilized in its production, whereas in the production of other pulps by chemical processes only the fibrous part or about 50 per cent. of the log is secured. The groundwood process, however, is limited principally to spruce, fir, western hemlock and poplar, species found in quantity only in the northern forests. There are in fact no forests of importance adapted to the groundwood process of pulp manufacture, the basis of the newsprint industry, below the north temperate zone in any part of the world. The regions in New Zealand and southern Chile, favorable to their growth are negligible in comparison to the vast forests which stretch across a considerable part of the northern half of this continent, Europe and Asia.

Southern Woods Useless

Experiments have been made in the utiliization of chemical pulps derived from the faster growing woods of the south and the tropics in the manufacture of newsprint, but nothing of practical importance has resulted. Logging costs in the tropics are too high to compete with the northern forests. Tropical forests are composed of such a wide variety of trees, for many of which there is no demand either for pulp or lumber, that the large scale operations which can be carried on in the uniform forests of the north are impracticable.

As to the forests of the south, not only are they not adapted to newsprint manufacture but they are so well suited to the production of other grades of paper and lumber, for which there is an ample demand

(Continued on page 38)

Comparison of Fine Paper Mills of Canada

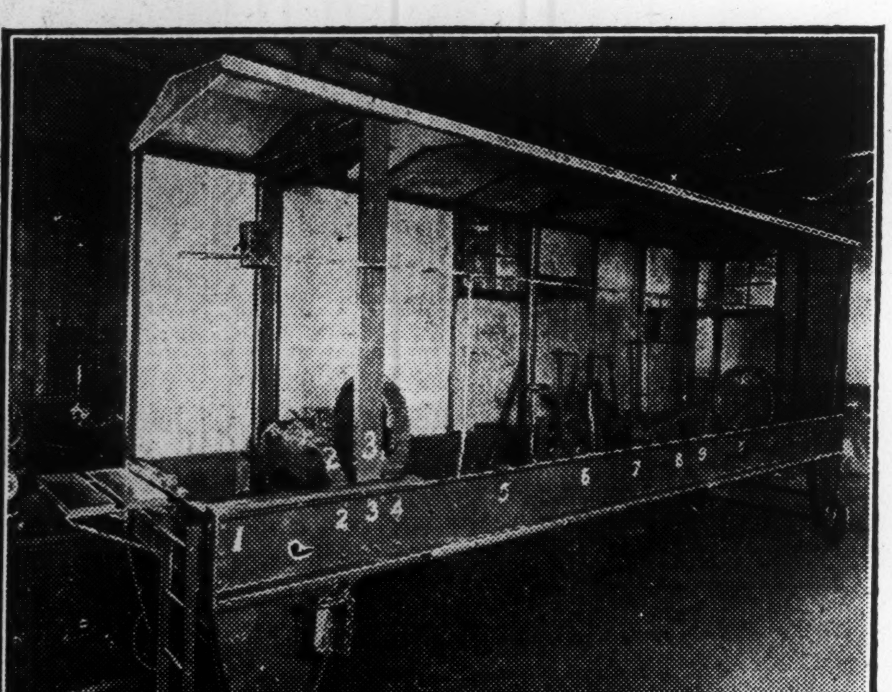
	Mortgage Indebtedness	Preferred	Total Bonds and Preferred	Number of Common Shares Outstanding	Value of Assets Less Current Liabilities*
Fraser Companies	$12,513,500	....	12,513,500	369,750	23,350,556†
Howard Smith Paper	7,000,000	4,500,000	11,500,000	200,000	14,400,000‡
Provincial Paper	5,300,000	3,500,000	8,800,000	100,000	10,000,000§
Rolland Paper	2,500,000	1,500,000	4,000,000	60,000	4,777,000‡

	Output in tons per annum*		Extent and/or contents of controlled forest assets	Profits available for bond interest and depreciation	Water Powers owned Developed	Undeveloped
Fraser Companies	60,000	165,000	4,547 sq. mi. 11,000,000 pulpwood	$1,672,954	2,000	....
Howard Smith Paper	38,500	15,000	3,000,000 pulpwood	844,576	2,500	6,900
Provincial Paper	57,000	......	4,250 sq. mi.	1,225,000	....	....
Rolland Paper	8,200	......	Buys all pulp and rag requirements.	400,000	2,200	....

---

*On conclusion of expansions now under way.
†After depreciation and depletion reserves.
‡Valuations.
§Forest assets not included.

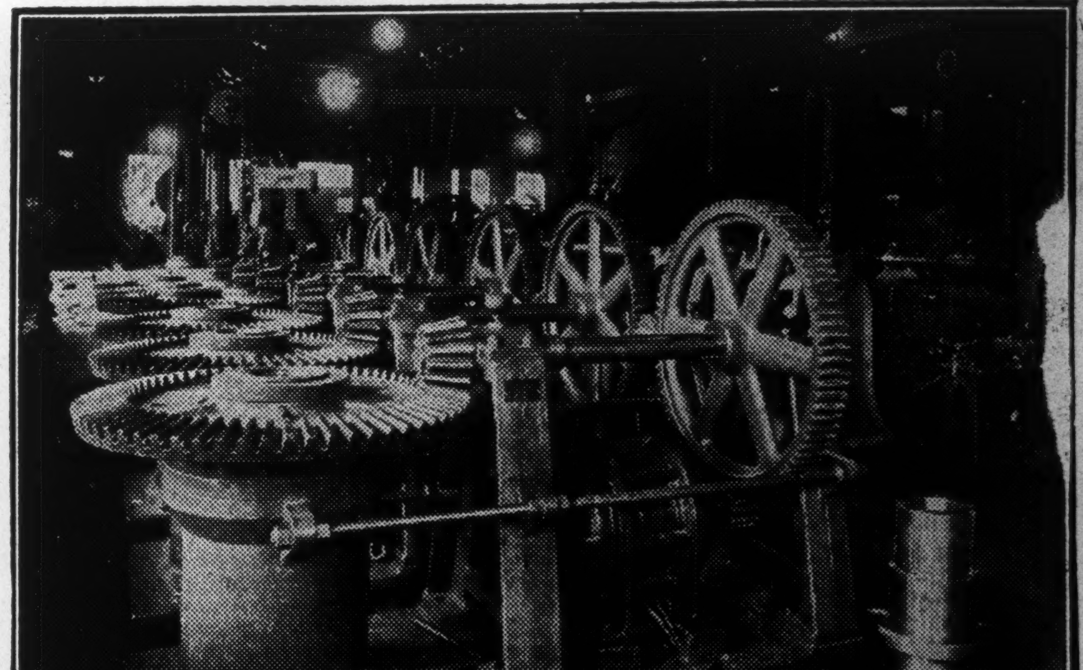
VICTORIA FOUNDRY COMPANY, Limited
General Engineers, Machine and Foundry Contractors
OTTAWA . . . CANADA



Power Driven Stop Log Hoist

Equipment for Water Power Development

Stop Log Hoists
Gate Hoists
Special Valves
Log Sluice Gates
Gate Valves
Special Machinery Designed



Power Operated Gate Hoist

A Recent Installation Consisting of Two Stop Log Hoists Pictured Above, Fourteen Electrically Operated Gate Hoists, Four Sluice Gate Hoists, and Six Filler Gates with Their Necessary Equipment. This Comprised Complete Control Equipment For a Single Installation.

Similar Equipment Supplied By Us May Be Seen At Many Developments Throughout Canada

We Only Request a Plan of the Proposed Dam

Restigouche Company

Fraser Companies Guarantee Securities of This Subsidiary

The Restigouche Company was financed early this year by a bond issue guaranteed by the Fraser Companies, the parent organization, which owns the entire capital stock of its subsidiary.

The Restigouche Company is the successor organization of the Stetson, Cutler Company. It is one of the largest manufacturers of, and dealers in, eastern Canadian forest products. It controls under lease from the province of Quebec, 280 sq. miles, and under lease from the province of New Brunswick, 1,009 square miles of timber lands situated on the watersheds of the Restigouche, Tobique, and Green Rivers and their tributaries. These areas are estimated to contain some 7,000,000 cords of pulpwood. The Restigouche Company also owns a large saw mill property at Athol, near Campbellton, N.B., with an annual manufacturing capacity of 30,000,000 feet, board measure, of spruce lumber, and 25,000,000 laths.

Guaranteed by Fraser

The financing earlier this year was used in part to retire the higher interest-bearing bonds of the predecessor company, outstanding to the extent of $2,200,000. The present issue of bonds is guaranteed as to payment of principal, interest and sinking fund by the parent organization.

The Restigouche bonds rank after the first mortgage bonds and debentures of the Fraser Companies, and in addition, are a mortgage on the properties of the Restigouche Company.

No earning figures of the subsidiary company are available. The guarantor company's earnings, though, are very largely in excess of the annual fixed charges of the subsidiary. In addition, the earnings of the parent company with the completion of its expansion program, are growing.

Capitalization—	Authorized	Issued
Common (n.p.v.)	250,000 shs.	250,000 shs.

All owned by the Fraser Cos.

Funded Debt—
5½% first mortgage sinking fund bonds, series "A", due 1948; outstanding $1,500,000.

Dividends—
25c per share paid April and July, 1928.

Officers and Directors—
Archibald Fraser, pres., Fredericton; A. W. Brebner, Donald A. Fraser, Jr., W. Matheson, Edmundston; Donald Fraser, Plaster Rock, N.B.; W. C. Pitfield, Montreal; J. H. Price, Quebec, P.Q.; G. H. Mead, Dayton, Ohio.

PULP AND PAPER PRODUCTION BRINGS CANADA $231,000,000

(Continued from page 37)

to 31,279 employees in 1926 with salaries and wages amounting to $44,175,502.

The apparent total production of pulpwood in 1927 was 5,929,456 cords valued at $70,284,895 as compared to 5,621,305 cords in 1926 valued at $68,100,303. Of the total production in 1927 about 74.1 per cent. or 4,387,687 cords valued at $54,582,190 were manufactured into pulp in Canadian pulp mills while the remaining 26 per cent. or 1,541,769 cords, valued at $15,702,705, were exported to the United States. These figures show an increase from 24.8 per cent. in 1926 to 26 per cent. in 1927 in the proportion of pulpwood exported, and the actual quantity of pulpwood exported unmanufactured also shows an increase. The quantity of pulpwood used in Canadian mills has increased by 3.2 per cent. during this period. There are no importations of pulpwood into Canada.

Further Statistics

The total value of all materials going into the manufacture of pulp in 1927 was $64,340,968, and the total value of all pulp produced, including that made in combined pulp and paper mills for their own use was $114,442,541.

The total value of all materials used in the manufacture of paper in 1927, including pulp made in combined establishments for their own use, was $82,566,726, the total value of paper and miscellaneous pulp products manufactured was $168,445,548.

The exports of wood pulp from Canada during the calendar year 1927 amounted to $876,904 tons, valued at $46,996,041 as compared to 1,005,780 tons in 1926, valued at $52,077,122. During the same calendar year the imports of wood pulp were 473,554 cwt. valued at $1,258,533.

Exports of Paper.

The exports of paper and paper goods during the calendar year 1927 were valued at $129,637,687 as compared to $121,414,513 in 1926. These exports were made up chiefly of newsprint paper of which 1,881,685 tons valued at $123,222,094 were exported chiefly to the United States. This represents an increase in quantity and in total value over the 1,731,986 tons, valued at $114,090,595, which were exported in 1926. During 1927 the total value of paper and paper goods imported was $11,618,538, a small increase over the imports for 1926.

The gross contribution toward a favorable trade balance resulting from the activities of the pulp and paper industry as a whole in 1927 amounted to approximately $179,459,362, being made up of the value of pulpwood exported amounting to $15,702,705, the difference between the value of pulp exported and the pulp imported amounting to $45,737,508, and the difference in value between paper exports and imports amounting to $118,019,149. The total for 1926 was $161,302,503.

DOMINION'S LEADERSHIP IN INDUSTRY WILL BE STRENGTHENED

(Continued from page 37)

that their utilization in the manufacture of newsprint will never be a practical question. In the north, moreover, since the character of the land and climate, generally speaking, is not favorable to agriculture, the land will always be cheaper than in the south, and cheap land makes for cheap timber.

Competition in the North

The manufacture of newsprint probably will always be centred in the north temperate zone. Its production elsewhere is made possible only by means of imported pulp and high protective tariffs. The North American industry, therefore, has nothing to fear from southern competition either on this or any other continent.

There remains the question of competition within the northern hemisphere. The principal divisions of its newsprint industry together with consumption in 1925 were as follows:

Eastern North America, production, 2,820,000 tons; consumption, 2,770,000 tons; Europe 2,250,000 (pr.), 1,890,000 (cons.); Pacific Coast 320,000 (pr.), 310,000 (cons.); Asia 220,000 (pr.), 300,000 (cons.); Latin America 175,000 (cons.); Australia and New Zealand 120,000 (cons.); Africa 35,000 (cons.); unclassified 20,000 (pr.); 30,000 (cons.); total 5,630,000 for each.

The four producing divisions of the industry are to a surprising extent non-competitive. The decisive elements in the cost of newsprint are raw material and transportation costs to market. If these are low the finished product does not vary materially in price in the several centres of production. Every other advantage which any one region of location may have can be offset in some manner. If labor is relatively scarce, machinery can be substituted for it. If pulpwood cannot be driven to the mill on steam or river, it can be brought in cheaply by logging railroad, or rafted on coast waters or transported economically by steamer. The lower transportation costs of mills nearer to market are balanced by cheaper pulpwood costs at points more distant.

Position of Great Britain

These principles are illustrated, for example, by the situation in Europe, in which Great Britain with practically no raw material reserves of its own and with relatively high wage costs is the leading producer, and this, notwithstanding the fact that it is one of the few European countries without a protective tariff. Its supremacy is due to the higher mechanical development of its mills and ready access to the pulp supplies of northern Europe by sea. Similarly on this continent it is the modern mills, producing newsprint on a large scale, which are the low cost producers.

The ability of these highly developed mills to compete with Europe's cheaper labor is evidenced by steady decreasing European imports into the U. S.

European exports to this country at the peak of the movement in 1923 were about 200,000 tons. Since then they have been cut approximately in half. Had it not been for disorganization of the European market, it is unlikely that even these figures would have been reached since with the return to more normal conditions abroad, newsprint consumption increased at a faster rate even than in this country. It is doubtful moreover if productive capacity in Europe can be as readily expanded as on this continent. In the Scandinavian countries, Finland and Germany, where most of Europe's pulpwood is at present produced, the forests are fully utilized and in some cases are overcut. Some further increase in pulpwood production can be obtained there by switching from lumber to pulp, but future expansion will doubtless be conditions largely on the availability of Russia's forests.

Not Much Competition

Generally speaking, the eastern North American and Pacific Coast industries are non-competitive. No shipments of paper are made from the east to the Pacific Coast and no paper from the Pacific Coast comes much further east than the Rocky Mountains, except by way of the Panama Canal to the Gulf Coast, where the two divisions of the North American industry are about on a par so far as transportation costs are concerned. In the future as the demand of the eastern market increases to a point where eastern mills cannot supply all of it, Pacific Coast shipments will advance further eastward and northward from the Gulf. The Pacific Coast industry will thus supplement eastern production but never supplant it.

Japan while having the smallest has also the fastest growing unit of the world's industry, but expansion from now on will depend largely on the forests of Manchuria and the coast provinces of Siberia, since Japan's limited forest area is fully utilized. Japan has never been an exporter of newsprint other than to the Asiatic mainland and a protective tariff has been necessary to control its home market.

Position Will Be Stronger

In neutral markets the North American industry competes successfully with Europe wherever shipping conditions are equal. Europe because of its dense population and industrial development is a large importer of the food and raw materials of the southern hemisphere and there is consequently a fairly equal flow of trade between Europe and the southern continents. Thus exports from the former have to pay only half the cost of the round trip between the two. Canada on the other hand is similar in economic development to the newer countries of the world and needs comparatively little from them. Hence Canadian exports usually outweigh imports from the southern hemisphere and outgoing freight has to bear the burden of shipping costs. This situation gives to Europe most of the South American market, the largest in the southern hemisphere. In Australia and New Zealand, to which Canada is considerably nearer than Europe, she shares the trade with Great Britain, all other countries being excluded by high protective tariffs. Canada is also the leading exporter of newsprint to South Africa. To nearby countries, Cuba and Central America, Canada and the U. S. supply most of the demand.

Foreign competition is not then an important factor in the stability of the North American industry, nor is the manufacturer in the East materially affected by what the coast industry will do and vice versa.

Due to these factors it appears certain that the Dominion's position in the pulp and paper field will be maintained and strengthened.

Industrial and
Public Utility
Securities

Newman, Sweezey & Co.
LIMITED
210 St. James Street Montreal

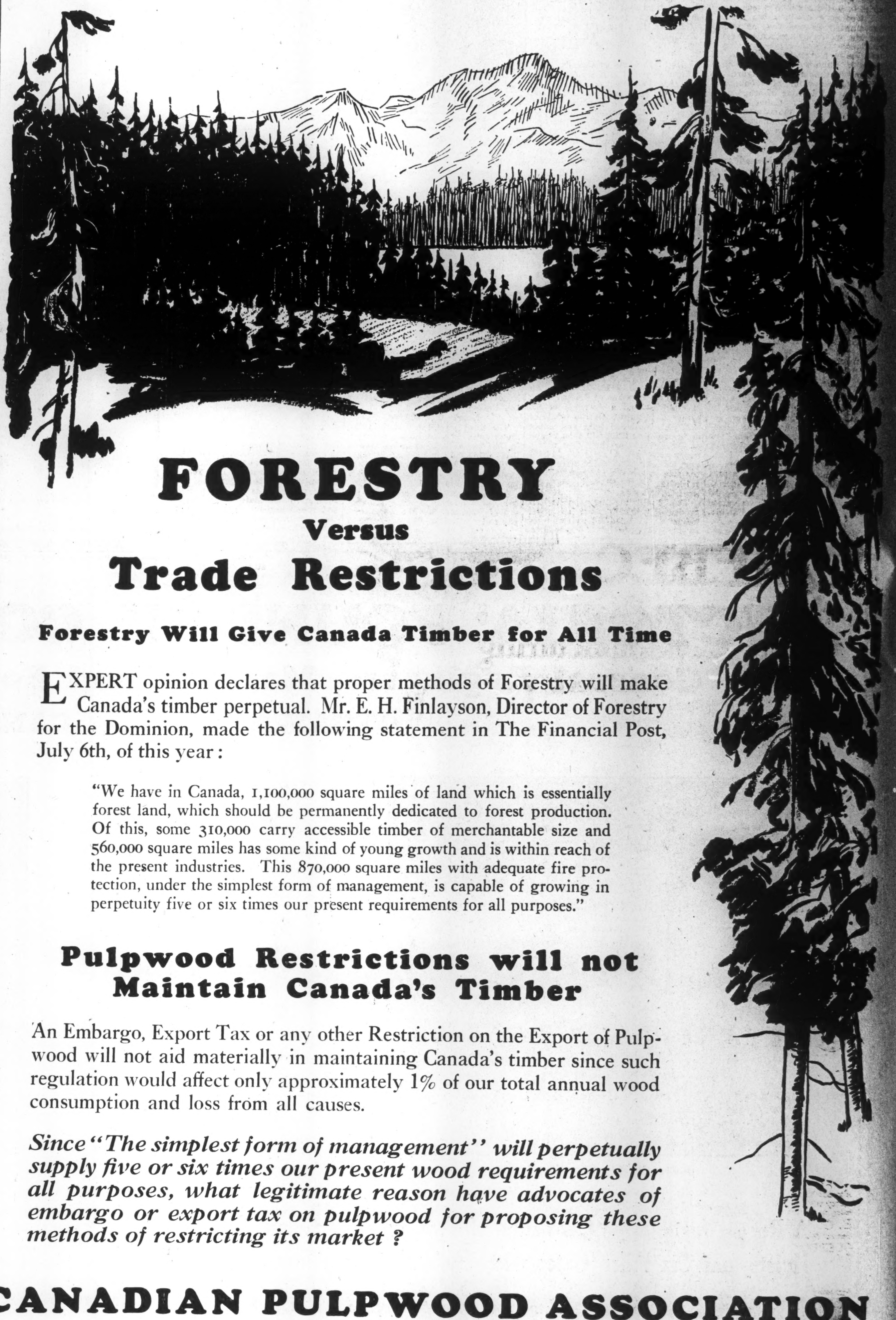
Dependable
Investments

A·E·AMES & CO.
LIMITED
Business Established 1889

CANADIAN
Government, Municipal & Corporation
SECURITIES

53 KING ST. WEST, TORONTO
360 ST. JAMES ST. W. MONTREAL
11 WALL STREET — NEW YORK
LONDON BLDG. VANCOUVER
BELMONT HOUSE - VICTORIA, B.C.
GRESHAM HOUSE, OLD BROAD ST.
LONDON, E.C.2, ENG.

Suggestions
on Request



FORESTRY
Versus
Trade Restrictions

Forestry Will Give Canada Timber for All Time

EXPERT opinion declares that proper methods of Forestry will make Canada's timber perpetual. Mr. E. H. Finlayson, Director of Forestry for the Dominion, made the following statement in The Financial Post, July 6th, of this year:

"We have in Canada, 1,100,000 square miles of land which is essentially forest land, which should be permanently dedicated to forest production. Of this, some 310,000 carry accessible timber of merchantable size and 560,000 square miles has some kind of young growth and is within reach of the present industries. This 870,000 square miles with adequate fire protection, under the simplest form of management, is capable of growing in perpetuity five or six times our present requirements for all purposes."

Pulpwood Restrictions will not Maintain Canada's Timber

An Embargo, Export Tax or any other Restriction on the Export of Pulpwood will not aid materially in maintaining Canada's timber since such regulation would affect only approximately 1% of our total annual wood consumption and loss from all causes.

Since "The simplest form of management" will perpetually supply five or six times our present wood requirements for all purposes, what legitimate reason have advocates of embargo or export tax on pulpwood for proposing these methods of restricting its market?

CANADIAN PULPWOOD ASSOCIATION

An organization of Canadian Citizens and companies engaged in the production of Pulpwood which believes in the right of its members to sell their product in the best markets of the world.

Rolland Paper

Long Established Fine Paper Mills Make Investment Bow—Well Managed—Outlook Excellent

Another Canadian fine paper producer assumed an investment interest last June when the Rolland Paper Company's bonds and shares were first offered the public. The preferred stock issue carried warrants entitling the holder to purchase common stock at increasing prices up to June 1, 1934.

The present organization acquired the predecessor company which for 45 years has been successfully engaged in the manufacture and sale of high grade bond, writing, and ledger paper. Rolland mills have long had the reputation of making the finest and best types of paper in the Dominion. The Rolland name has been associated with the paper business in Canada for over 45 years.

Three generations of the Rolland family have been associated with the undertaking. In the present organization, outstanding names in the Canadian paper field, such as Donald Fraser and John H. Price, have been added to the Board of Directors.

The company owns and operates two plants—one at Mont Rolland, and one at St. Jerome—50 and 35 miles respectively, north from Montreal. The Mont Rolland mill is equipped with two paper machines, having a combined annual production of 5,300 tons of sulphite bond and rag stock paper. The St. Jerome mill which produces the highest grades of paper made in Canada and has two machines having a combined annual production of some 1,600 tons of high grade rag stock paper, tub-sized and loft dried. The equipment in both mills includes all supplementary machinery for the manufacture of paper.

Unlike the other producers of paper in Canada, though, the Rolland Paper Company does not produce the wood pulp, which it uses in a raw material, at Mont Rolland. At St. Jerome, the raw material consists of rags which are purchased and then converted into pulp.

The machinery in both plants is operated by hydraulic developments on the North River at a point where it flows past the mill properties. The Mont Rolland development has an installed capacity of 1,500 h.p. while that at St. Jerome is some 700 h.p. The company utilizes this power on an exceptionally low cost basis.

Part of the proceeds of the recent financing of the company are being used to instal a new 86 inch rag stock paper machine in the St. Jerome mill. This will come into operation within three months, and at that time the combined productive capacities of the company's plants will amount to 8,200 tons annually.

Virtually, the entire market for the output is in Canada. Hence, Rolland is not affected by the unsatisfactory conditions existing in the newsprint and fine paper markets of the United States. Provided general business continues to progress in Canada, there will be an increasing demand for fine paper. With the established record which the company has built up for paper of quality, the Rolland Company's growth should be continued.

This year, the company has experienced a larger demand for its output than in 1927; while some of the fine paper producers are expanding, yet the output of such expansions will largely go, not to supplant paper produced by other mills, but to supplant fine paper hitherto imported.

Capitalization—	Authorized	Issued
Common (n.p.v.)	100,000 shs.	60,000 shs.
xPref., 6% cum., red. ($100 par, ..	$2,500,000	$1,500,000

Controlled by Fraser Co.

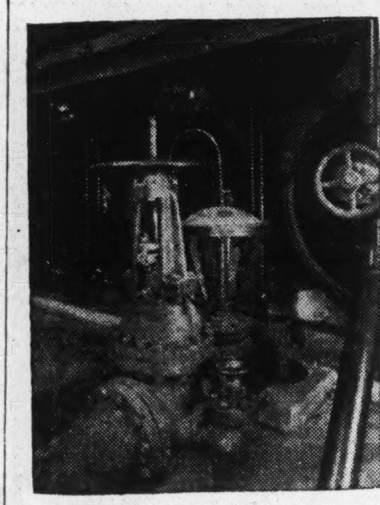
xOriginal issue carried rights to the purchase of common shares at special price, on the basis of 3 common for each 10 preferred.

Funded Debt—
5½% first mortgage sinking fund bonds, series A, due 1948; issued $2,500,000.

Earnings—
Net earnings of the predecessor company for year ended Dec. 31, 1927, after all charges, interest on bonds, depreciation and local taxes, were $130,228; based on earnings for 4 months ended April 30, 1928, estimated at approximately $200,000 for 1928.

Officers and Directors—
Jean Rolland, pres.; S. J. B. Rolland, chairman; Archibald Fraser, Donald Fraser, W. C. Pitfield, J. H. Price, J. P. Rolland, Olivir Rolland, F. Saint-Pierre.

Air Operates Steam Valves



This view shows eight-inch steel Walworth gate valve connected to eight-inch "American air-operated temperature control valve supplying steam to dryers in the plant of the Port Alfred Pulp & Paper Corporation at Port Alfred, Que.

Forest products were responsible during the past year for creating a favorable trade balance of over $200,000,000.

There are $50,000,000 invested in forest industries in New Brunswick, which includes some 356 sawmills, 4 pulp and 1 paper mill.

E. B. Eddy

International Said to be Largely Interested In Company

While there is no direct investment interest in the E. B. Eddy Company, yet it is generally understood that the International Paper has acquired close to fifty per cent. of the shares of the company. The control of the organization still rests with those who controlled the undertaking prior to the International Paper's entry into the paper picture on the Gatineau River. As the larger company owns a substantial interest in the Eddy company, both organizations can effect material savings in their logging operations on the Ottawa and Gatineau rivers.

The E. B. Eddy Co. is probably one of the best known organizations in Canada, and since 1851, it has been one of the chief industries in Hull, P.Q. It is the largest producer of matches in the Dominion, but this is only a portion of its output. Eddy's has an extremely varied production, which consists of a daily output of 120,000,000 matches, 7 tons of tissue, 25 tons of board, 125 tons of newsprint, 1,000,000 paper bags, 8 tons of bags and manila, 15 tons of wrapping paper and 10 tons of book and writing paper.

The plant covers an area of some 75 acres. The raw materials that feed the mills come from timber limits covering 2,000 square miles on the Ottawa and Gatineau rivers. These limits adjoin those belonging to the Canadian International Paper Co., so that if there be any association between the two companies logging operations can probably be carried out more economically.

The mills employ some 2,500 persons and the company owns a fleet of steamboats, and in addition operates a private railway connecting every unit of its works with the main trunk railroads.

The capital stock amounts to $300,000; further financial information regarding its operations is not available to the public.

Capitalization—
Capital stock, $300,000 outstanding. (Par $100).

Funded Debt—
None.

Dividend Record—
Dividends have been continuously paid for many years; payments not made public.

Officers—
Geo. H. Millen, pres, Hull, Que.; V. M. Drury, vice-pres., Montreal; C. V. Caesar, gen. mgr.; D. Tilley, treas., Ottawa; J. F. Taylor, sec. and sales manager; A. B. Ross, Montreal; Hon. R. B. Bennett, Calgary.

Crown-Zellerbach

Is Successor to Crown-Willamette on Pacific Coast

Crown-Zellerbach Corp., is the name of the new company which is the result of the merger this year of Crown-Willamette Paper Co., operating paper mills at Ocean Falls, B.C., and in the state of Washington, and the Zellerbach Corp., a holding company incorporated in Nevada in 1924 for the Zellerbach Co. and four other producing and marketing companies in the paper industry.

Earnings of Crown-Willamette had remained stationary for about three years. The result of the merger it is believed will be advantageous to the producing units. While the timber resources of Willamette are great, it is reported that there will be further acquisitions, particularly on Vancouver Island, soon.

Assets of the combined companies are in excess of $100,000,000.

Zellerbach Corp. declared a stock dividend out of its unissued shares of common stock, increasing the number outstanding to 1,000,000 shares. This dividend was paid by issuance of voting-trust certificates. The Zellerbach Corp. thus is on an equal basis with the Crown-Willamette company, which has 1,000,000 shares of stock represented by voting-trust certificates.

The new company's executive is composed of executives of both the merging companies, whose interests are about evenly divided and it is announced that there will be no change in the personnel of the subsidiary companies.

Pacific Mills, heretofore controlled by Crown-Willamette, now is controlled by Crown-Zellerbach.

CROWN-WILLIAMETTE

Capitalization—	Authorized Shares	Outstanding Shares
Common (n.p.v.) ..	1,000,000	1,000,000
1st pref. $7 (n.p.v.)	200,000	200,000
2nd pref. $6 (n.p.v.)	41,000	41,000

Controlled by Crown-Zellerbach Corp.

Funded Debt—
First mortgage 6% s. f. gold bonds, due 1951; outstanding $19,315,000.

Dividend Record—
First preferred—$7 per annum, payable quarterly; initial quarterly dividend paid Apr. 1, 1926. 2nd preferred—$6 per annum.

Officers and Directors—
Louis Bloch, pres.; A. J. Lewthwaite, A. B. Martin, F. G. Wright, F. Schwabacher and G. P. Berkey, vice-presidents; D. J. Goldsmith, sec. and asst. treas.; C. M. Whitney, asst. sec.; C. R. Blyth, H. Fleishacker, M. Fleishacker, C. K. McIntosh, C. A. Morden, H. C. Olcott, E. S. Pillsbury, J. H. Schwabacher, G. S. Towne.

*Income and Surplus Account
6 Months Ending June 30

	1928	1927	1926
Gross earn. .	$2,849,315	$2,818,725	$2,890,284
Deduct:			
Interest ..	581,565	661,197	487,025
Deprecia. .	660,984	615,838	573,586
Depletion .	200,361	95,432	141,755
Fed. taxes	138,261	177,931	227,772
Net profits .	$1,268,144	$1,268,327	$1,460,146

*Including wholly owned subsidiaries, except Pacific Mills, Ltd.

PACIFIC MILLS

(Controlled by Crown-Willamette Paper Co.)

Capitalization—	Authorized	Outstanding
Common ($100 par)	$7,500,000	$7,500,000
Pref. 6% ($100 par)	2,000,000	1,327,300

The Crown-Willamette Paper Co. owns 92% of the common stock and 67% of the preferred stock outstanding.

Funded Debt—
6% first mortgage bonds; outstanding $2,746,500; due annually; $150,000 to 1930; $200,000, 1931 to 1942; $500,000, 1943 to 1948. Second mortgage bonds dated 1915; outstanding $1,863,500.

Officers and Directors—
A. B. Martin, pres.; Louis Bloch, chairman; F. N. Youngman, vice-pres.; A. J. Lewthwaite, vice-pres.; J. H. Lawson, Jr., sec.; G. V. Holt, N. F. O'Brien, W. E. Wintemute, L. H. Lawson, W. J. Blake-Wilson; J. A. Young.

Income and Surplus Account
Years Ending December 31

	1927	1926	1925
Gross earn. ..	$2,095,336	$2,303,915	$2,379,825
Less:			
Interest ..	278,265	398,813	491,706
Deprecia. ..	839,539	805,834	849,291
Depletion .	28,160	56,858	19,854
Taxes	160,710	216,004	199,457
Net earn. ..	$788,662	$826,411	$819,516

QUEBEC—
the Centre of Canada's Greatest Manufacturing Industry!

IN 1922, Canada's output of newsprint reached one million tons; in 1927, it exceeded the two million mark—an increase of 100% in five years!

Canada is now the greatest newsprint manufacturing country in the world, and exports more newsprint than all the other countries in the world combined.

And QUEBEC—prodigiously rich in natural resources—produces more than half of Canada's output!

Each day brings new plans for greater development of Quebec's vast natural resources—new developments, new mining operations, new plants, new townsites and that vast army of skilled executives and professional men required for the successful operation of these vast industries.

Chronicle-Telegraph
QUEBEC

is the only English daily published within the 500 mile wide trading territory between Three Rivers and Gaspe. It is subscribed for by engineers, superintendents, purchasing agents, executives and heads of the great power developments—and in the homes of Quebec where are represented the maximum purchasing power.

It pays to advertise in the Quebec Chronicle-Telegraph!

Any advertising agency will give you rates, or write to
E. G. SMITH
General Manager
QUEBEC
P.Q.

AYERS LIMITED
ESTABLISHED 1870
Pioneers and leading the field, in Canada, in the manufacture of
PULP AND PAPER MAKERS' FELTS
Lachute, Quebec - - - - Canada

AYERS HIGH GRADE FELTS
SATISFACTION GUARANTEED

PRODUCTS:

Pulp and Paper Makers' Felts and Jackets

Heavy Cotton Duck (Dryer Canvas) for Paper Machines

Pure Wool Blankets

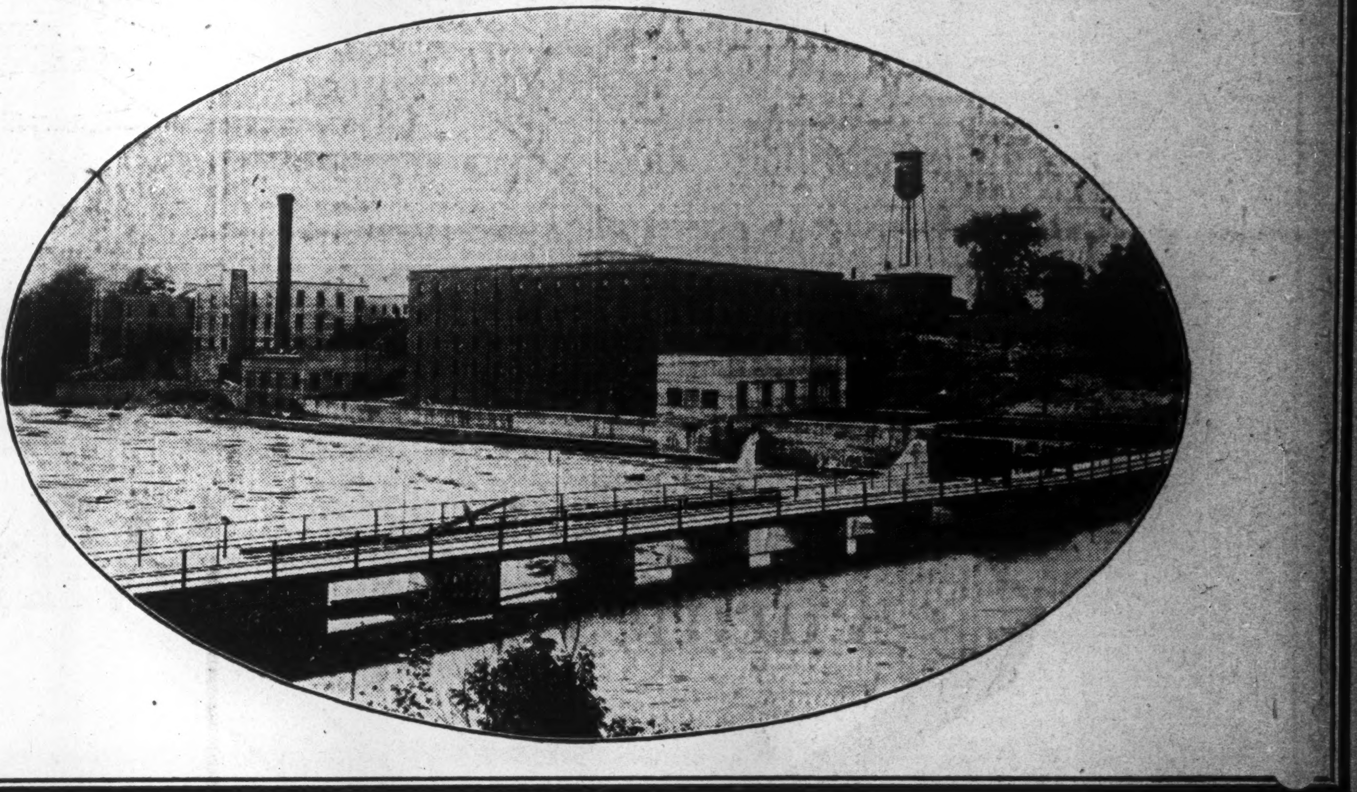
Ayers Limited is the largest plant of its kind in the Dominion of Canada, and for more than 50 years has stood forth as leaders in the manufacture of felts for both pulp and paper mills. The maintenance of such a reputation could not have been were it not founded upon a product that would accomplish that for which it was made.

The success and reputation of "Ayers Felts" bear evidence of the Quality and Dependability built into them. Construction features are evolved for all kinds of machines, for all classes of paper, to give maximum efficiency with regard to the particular manufacturing problems in the various mills.

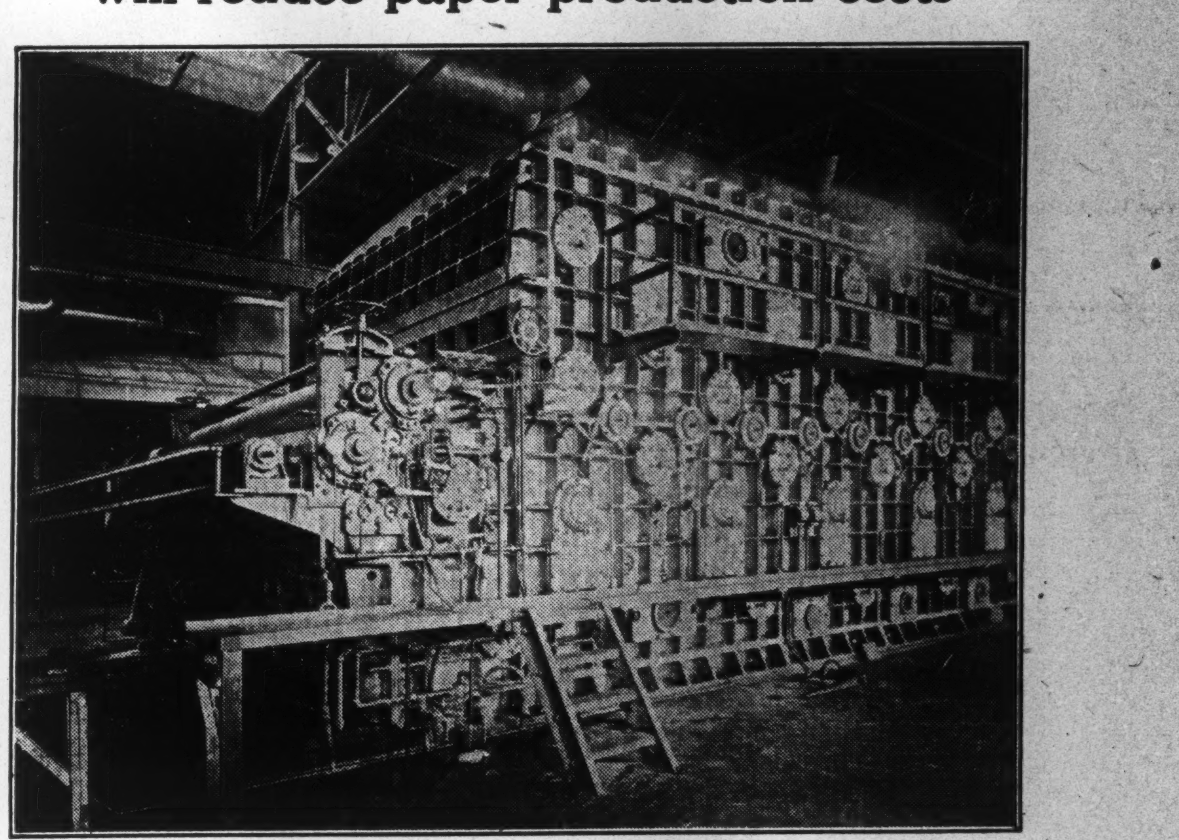
We realize the importance of felts and jackets to the industry. We realize that it is these fabrics of varying sizes and materials that escort paper most of the way to completion. Therefore, realizing the importance of our products to the paper and pulp mill man, we have and are exerting every available effort of our organization to make felts and jackets that will satisfy actual mill requirements.

We do not believe that perfection has yet been attained in any line, and we are constantly on the alert for methods whereby we can make felts that will conform more closely to the needs of the man in the mill. Paper and Pulp mills in many countries appreciate this aggressiveness on our part and realize what benefit this attitude is to them. They realize that products made by us are certain to be as good as any made to date and are often just a little in advance of the existing standard of quality.

Another thing that has helped during the past fifty and more years to establish us among the world's leading felt manufacturers is our sincere desire to give the best possible service to all customers. In the long run we have found this policy has made customers for us and has helped us to retain these customers.



The Minton Vacuum Paper Machine Dryer
will reduce paper production costs



The Minton Vacuum Dryer.

a new and improved method of drying paper in which the paper is dried under a high vacuum and at a temperature of 100° F

Proven Performance

The illustration shows a Vacuum Dryer installed in December, 1926, on a 156" paper machine at Price Bros. & Co. Ltd.'s Kenogami Mill.

In commercial operation for a long time and at a speed of 700 ft. per minute, this Vacuum Dryer has successfully passed every test for

Economy of steam,
Quality of paper made,
Freedom from mechanical troubles,
Reduced felt cost.
General machine efficiency

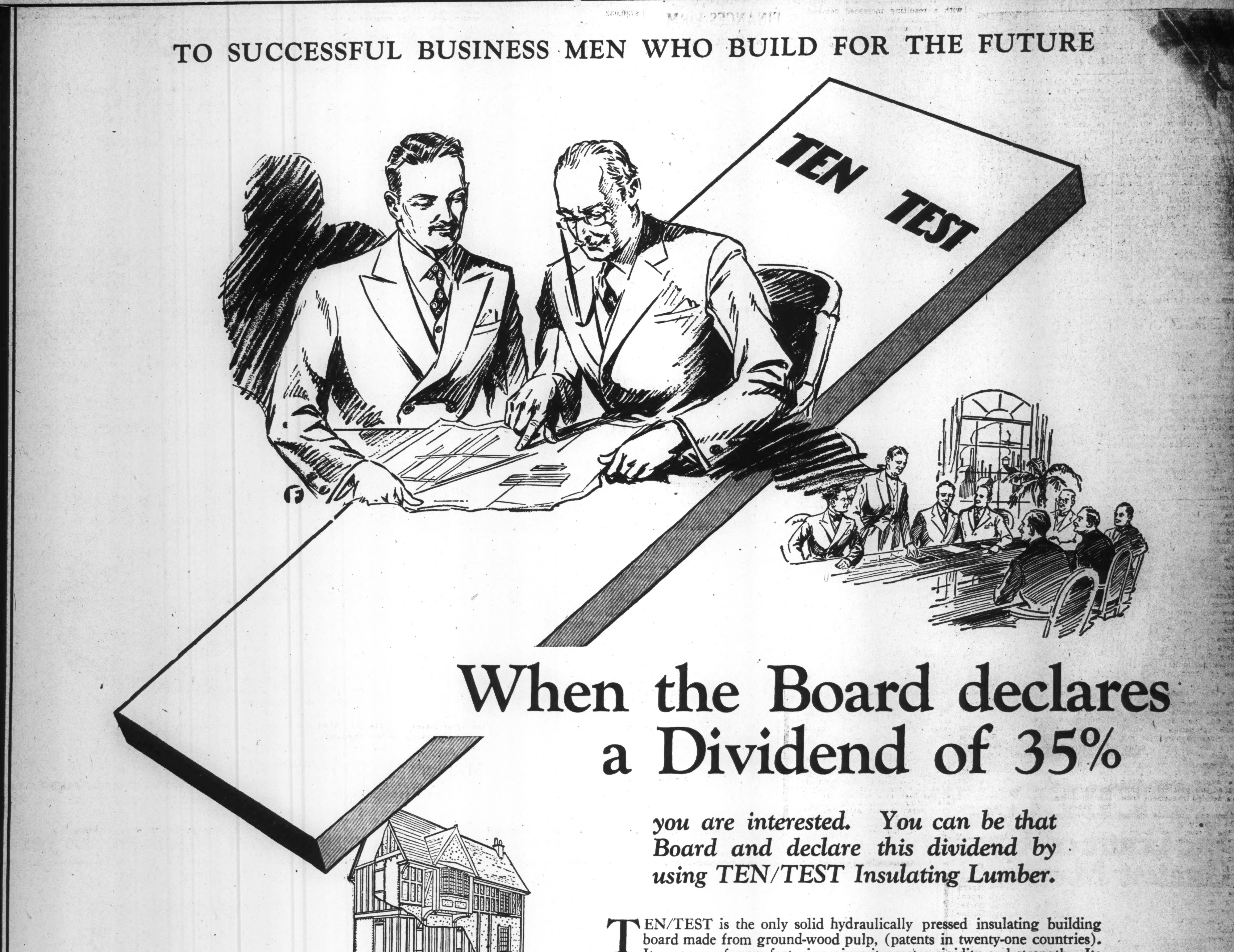
Economies of operation have now been definitely established sufficient to warrant replacing present drying equipment with Vacuum Dryers.

Many paper machines are prevented from speeding up due to lack of dryers and lack of space in which to place additional dryers. In such cases a Vacuum Dryer can be substituted for present equipment and the speed of the machine doubled and in such instances it can often be shown that sufficient steam will be saved to dry the additional amount of paper made.

In the case of new installations economies of operation are so great that there can be no question about installing Vacuum Dryers. Only half the floor space is required and the problem of ventilating the machine room is eliminated.

Satisfaction with their initial installation has resulted in Price Bros. & Co. Ltd. specifying additional Vacuum Dryers for two new 234" paper machines.

MINTON VACUUM DRYER COMPANY
(CANADA) LIMITED
511 St. Catherine Street W. Montreal



TO SUCCESSFUL BUSINESS MEN WHO BUILD FOR THE FUTURE

When the Board declares a Dividend of 35%

you are interested. You can be that Board and declare this dividend by using TEN/TEST Insulating Lumber.

TEN/TEST is the only solid hydraulically pressed insulating building board made from ground-wood pulp, (patents in twenty-one countries). Its process of manufacturing gives it greater rigidity and strength. Its insulating value is equal or greater than any rigid insulation material on the market.

TEN/TEST Insulating Building Board is used in large industrial plants, and has registered a 35% fuel saving, resulting in many other economies. It reduces production and maintenance costs and solves the condensation problem

Insulation in the home is just as important as it is in the factory. TEN/TEST will effectually shut out the winter cold and keep in the costly heat, insuring economy and comfort at the same time.

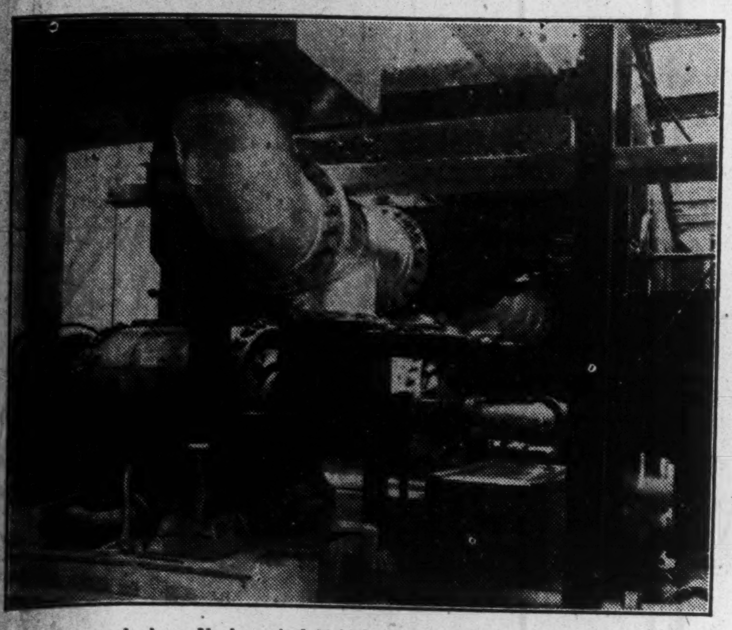
The Canadian Government uses TEN/TEST. The great Canadian railroads specified it. The London County Council in England has endorsed TEN/TEST as the standard insulating building board.

TEN/TEST has proved its worth by being used to insulate factories and homes against the changing temperatures from Cape Town, South Africa, to Hudson Bay, Canada—A Canadian product with a world-wide reputation.

Write for detailed literature.

INTERNATIONAL FIBRE BOARD
LIMITED
1111 Beaver Hall Hill, Montreal, Que.
Gatineau, Que. Midland, Ont.

Paper Mill Fittings Are Heavy and Intricate



This photograph shows Naylor spiral 30-inch pipe used for groundwood screen piping in the plant of the Anglo-Canadian Pulp & Paper Co.

Sulphite Pulp Industry

Position Reviewed—Next to Newsprint, the Largest Section of the Canadian Pulp and Paper Industry — Prices Have Declined

In the volume of their output, the sulphite pulp mills rank next to the newsprint mills, the largest section of the industry. The total exports of sulphite last year amounted in tons to about one-third of the exports of newsprint. The market for sulphite pulp is of course, largely, the export market. The newsprint mills use large quantities of sulphite in producing newsprint paper, but they as a rule produce their own sulphite requirements. Hence, Canadian mills which produce sulphite or having a surplus production of sulphite over and above their own requirements largely sell it in the U. S. where it goes into the manufacture of newsprint or fine paper.

Obviously, the present hesitancy in the market for newsprint paper finds a reflection in the market for sulphite. Prices have been low this year and are not likely to increase for some time to come. The demand for the finer grades of sulphite, though, appears to be holding up fairly satisfactorily. One of the reasons being that the pulp is finding other uses particularly for the manufacture of rayon, or artificial silk.

Only a Few Companies

There are only one or two companies in Canada manufacturing sulphite solely, and there are only one or two such companies in which there is any investment interest. But many of the new pulp and paper companies, such as Port Alfred have a surplus production of sulphite which is sold on the open market. Hence the weaker markets which have prevailed this year for sulphite pulp have a decided investment bearing.

Some of the sulphite mills are improving the quality of their output to offset the larger price declines which have taken place in the lower grades. The long pull outlook for the industry appears to be fairly satisfactory, but it is quite likely to be a long pull. Due to the depletion of the forest resources of the U.S., there should be an increasing demand for Canadian pulps to feed the U.S. fine paper mills.

Broadly speaking, the manufacture of sulphite in Canada may be divided into two sections; those mills which produce sulphite for further manufacture into newsprint, and those mills which produce sulphite pulp to be sold in the sulphite pulp market. Practically all the newsprint companies manufacture their own sulphite, which comprises about 20 or 25 per cent. of the raw material going into the manufacture of newsprint paper. On the other hand, there are other companies, such as the Fraser Companies, or other mills, such as the Kipawa mill of the International Paper Company, which produce sulphite to be sold on the open market.

Not All in One Group

Unlike the newsprint companies, the sulphite companies cannot all be classed in one group. Some mills produce a very low grade of unbleached sulphite, which cannot be used for anything other than the manufacture of newsprint. Other companies produce a higher grade of unbleached sulphite which goes into the manufacture of fine paper, and still other companies produce bleached sulphite. Finally, there are mills, such as the International Paper's Kipawa mill, which produce only the highest grade of sulphite. The output of this mill is especially adaptable to the manufacture of artificial silk, and a large proportion of the mill's production is ultimately manufactured into rayon yarn.

Each of the various grades of sulphite pulp find a different market at a different price. Thus, prices for the various grades of pulp range all the way from about $40 up to $100 a ton.

The underlying conditions surrounding the whole industry appear to be sound, but while the price of and the production of sulphite pulp has increased over the past three or four years, yet there is no doubt that the mills are not yet obtaining a satisfactory profit on their output.

Because of high tariff walls, Canadian high grade paper, which is chiefly composed of sulphite, cannot be sold in the U.S. Thus Canadian sulphite mills which are near the source of their raw materials and which can obtain cheaper power, ship their output to the United States paper mills, there to be turned into fine paper. Or, in the case of the lower grades of sulphite, to be turned into newsprint.

Owing to spotty business conditions in the United States, the market for sulphite pulp this year has not been satisfactory. One of the contributing factors to this, of course, has been the hesitancy in the market for newsprint paper.

Has Been Large Increase

The figures and the charts showing the production and export of sulphite pulp, which are printed elsewhere in this issue, reveal that there has been a tremendous increase in the amount of unbleached sulphite pulp manufactured in the Dominion over the past few years. Despite this, though, exports of unbleached sulphite have declined. The cause for the increase in production and the decrease in exports lies in the expansion of the newsprint industry. The newsprint mills have augmented their sulphite production and have used more sulphite in the production of newsprint paper.

On the other hand, the production of bleached sulphite pulp, which is of a higher grade, has increased, and exports have increased also. The reason for this lies in the demand in the United States for high grade sulphite for further manufacture into fine paper, coupled with the fact that the Canadian domestic market for fine paper is small and cannot consume anything other than a small proportion of the total bleached sulphite pulp production.

Earnings May Be Lower

The investment interest in the manufacture of sulphite pulp is confined to those companies which manufacture, not for further manufacture into newsprint or fine papers, but to those companies which depend for earnings on the current market quotations for sulphite pulp. During the current year earnings from sulphite production will be a little below those of 1927. While the market for sulphite pulp is not satisfactory at the moment, the ultimate future of the industry appears to be fairly satisfactory, for, broadly speaking, it depends solely on the demand for fine paper in the United States. Competition from European sulphite mills has hampered the industry for many years, but despite this competition, from an earnings standpoint, much progress has been made by these companies since the tremendous slump in the sulphite market of 1920-21.

Market Is Widening

Not so many years ago, fine papers were made almost exclusively from rags. Since then, high grade sulphite pulp has entered more and more into the manufacture of fine papers, and many thousands of tons of sulphite paper are produced yearly. The steadily increasing cost of rags on the one hand, and the continued improvement in the paper making qualities of sulphite on the other hand, have widened the market for the product considerably.

Another factor which has entered into the sulphite situation is the increasing demand for rayon silk, which is largely manufactured from Canadian sulphite pulp. Within recent months it was said that the Kipawa mill of the Canadian International Paper Company supplied one-half of the world's raw material for the manufacture of rayon. Thus the markets for this grade of pulp will continue to broaden.

Recovering More Slowly

The sulphite mills have not recovered as fast from the 1921 débâcle as the newsprint mills, for while the demand for sulphite has improved, it has not improved to anything like the extent of the better demand for newsprint. The increase in the demand for sulphite paper, though, has been steady and there seems no reason to doubt that with the increasing growth of the United States, the consumption of fine papers there will be increased, with a resulting increased demand for Canadian sulphite.

Consumption Is Growing

The consumption of fine paper in the United States has increased 4½ times in the last 25 years. Those who know the market, feel that within the next 25 years the total consumption of paper in that country will increase two or three times over the present amount. Furthermore, lack of cheap wood and cheap power have arrested the development of the American pulp mills. All of which should react favorably on Canadian producers.

In view of the spotty business conditions which have prevailed in the U.S., the immediate future outlook for the industry is not particularly satisfactory. The influences which have combined to reduce the consumption of newsprint in the U.S. have produced a little slackening in the demand for sulphite papers. Thus, it would be unwise to anticipate any immediate improvement in the sulphite pulp market.

Only Part of the Profits

The sulphite pulp mills will hardly reap all the earnings possible from their investment until they are able to extend their mills to produce the finished product, namely paper.

The Fraser Companies in New Brunswick have achieved this end by erecting a fine paper mill in Maine and by pumping the finished product of the Canadian mill across the border through a pipe line to the U.S. plant where it becomes the raw material for the paper mill. In future, other Canadian sulphite producers may achieve the same end in similar fashion or, by turning to the production of newsprint, as, if and when the demand for newsprint warrants such a change.

In producing sulphite it can be seen that the companies are obtaining only a part of the manufacturing profit—a factor which generally makes for lower net profits over a period of years.

In view of the whole situation surrounding the production of sulphite, it can be said investment in this section of the industry is speculative and that other branches of the industry hold more promise for the investor, the speculator or the gambler.

Capital Invested in Pulp & Paper

Provinces	Land, Buildings, Machinery Tools, etc.	Materials on hand stocks in process, etc.	Cash and Accounts	Total Capital
	$	$	$	$
CANADA	452,424,233	69,817,296	57,612,023	579,853,552
Nova Scotia	2,248,992	628,774	469,933	3,347,699
New Brunswick ...	12,635,553	3,911,279	1,775,353	18,322,185
Quebec	236,648,185	37,332,540	21,524,727	295,505,452
Ontario	149,906,606	21,387,669	30,468,794	201,763,069
B. C. and Manitoba	50,984,897	6,557,034	3,373,216	60,915,147

Instal Machinery in New I. P. Co.'s Bastrop Plant

From Our Own Correspondent

MONTREAL.—Machinery is now being installed in the paper bag plant which International Paper Company is building at Bastrop, Louisiana, and the plant will soon be in operation.

Of a daily capacity of 35 tons of grocery bags, the plant will be owned and operated by Continental Paper & Bag Corporation, a subsidiary of International Paper Company. It is being built in conjunction with one of the two kraft paper mills of the International at Bastrop, and will use a part of the products of that mill for the manufacture of paper bags.

With bag plants at Rumford Falls, Maine; Brooklyn, N. Y.; Wellsburg, West Virginia; Marinette, Wisconsin, and Ottawa, International Paper Co. ranks as one of the largest manufacturers of paper bags in the world.

Harvest Sugar Beets

The Alberta sugar beet harvest will start shortly and the slicing of beets will begin about October 10. according to T. George Wood, General Manager of the local sugar company. The weather has been excellent and the beets are putting on weight and adding to their sugar content, said Mr. Wood. A total of 5,300 acres of beets will be harvested this year—about 20 per cent. better than last year.

ST. LAWRENCE FINANCES FIRM REPORT SHOWS

Interim Report Reveals Big Improvement in Working Capital

From Our Own Correspondent

MONTREAL.—An interim report issued by the St. Lawrence Paper Mills Company reveals a healthy increase in the company's working capital position since the last annual statement which was dated June 30, 1928. Present working capital position shows $2,435,645, as against $980,515 on the former date. This change is largely a reflection of new financing undertaken last May.

Net earnings of the company for the four months period ending Aug. 31 last, totalled $296,463 which, with the May 8 balance of $539,589, brought the surplus account up to $835,052. After payment of dividend on preferred shares for quarter ending July 15, less accrued, total is $105,020 which lowered the surplus account on August 31, 1928, to $730,032.

Advise Shareholders

The following letter was sent forward to shareholders with allotment certificates, which, it will be recalled, were offered to the public in units in May last:

The price of newsprint paper has declined to a slight extent since last May, and competition has become more keen for 1929 business. This has not materially affected the earnings of your company and no adverse effect is anticipated at this time which would substantially reduce the estimate of earnings of the enlarged plant made at the time of issuance of the 6 per cent. cumulative preferred stock. The statements enclosed do reflect, however, the seasonal decline in shipments which normally occurs in July, August and the first part of September. This seasonal fluctuation which was more pronounced this year, is due to the vacation period, closing of department stores on Saturday, etc., thereby curtailing circulation and advertising and automatically reducing newsprint consumption.

"From the date of the formation of your company May 8, 1928, to August 31, 1928, a period of slightly less than four months, earnings before income taxes and dividends amounted to $296,463.29, which approximates expectations of the management at the time of its formation. You will note that earnings, even during this period of seasonal decline in sales, were at a rate substantially in excess of dividend requirements on the outstanding preferred stock.

Outlook Favorable

"The management of your company regards the outlook for the Canadian newsprint industry as favorable, even though the present period is unsatisfactory due to declining prices resulting from over capacity in the industry and keen competition for business.

"Practically two-thirds of the newsprint produced on the North American continent is sold by Canadian mills, and the productive capacity of Canadian machines at present shut down assures to the Canadian industry the continuance of this dominant position. Your company's plant is of advanced design, capable of most economical operation and its conversion cost (from log to paper) is sufficiently low to assure earnings in spite of reduced prices for its product.

"The entire productive capacity of your company's present plant is under contract for 1928. For 1929, 88 per cent. of its capacity is under contract and contracts for the balance have been promised by publishers with whom your company has been doing business. Your company's relations with its customers continue on most friendly basis.

"The construction work in connection with the installation of two additional newsprint machines at the mill at Three Rivers, Quebec, is progressing according to schedule and it is expected that these machines will be ready for operation by January 1, 1928."

Working Capital Up

The financial position of the company as at end of last month shows a stronger position. Assets amounted to $25,671,781, of which $21,331,622 represented fixed assets and $4,206,348, current assets. Deferred accounts receivable totalled $60,926 and deferred charges $72,883. On the other side of the ledger, current liabilities are shown at $1,691,046 and capital stock at $21,480,000. A reserve for depreciation and depletion amounting to $1,674,883 has been set up, while an additional $95,819 has been set aside for contingencies. The profit and loss account shows a surplus of $730,032.

Clyde & Sissiboo

Future of Bonds Does Not Appear Bright — Plant to be Sold

Investment interest in the Clyde and Sissiboo Pulp Co. is confined to a $500,000 issue of bonds. The bonds were originally guaranteed by Becker Company, of England, which went into liquidation. The controlling interest in the stock is still held by Edward Lloyd, Limited, of London, England. The bond holders, though, have foreclosed their mortgage on the property and have leased it for a nominal rental to Edward Lloyd, Limited. The property is to be sold as soon as it is possible to find a buyer. In the meantime, the trustee for the bond holders is endeavoring to interest capital in the undertaking. The profits from the property under present conditions are not such as to permit any payment to the bond holders in lieu of their arrears. The company is a groundwood producer and the outlook for the market for groundwood pulp is most unsatisfactory, the situation surrounding the bonds is gloomy. The judicial auction sale of the property on behalf of the bondholders takes place on October 23 next.

Capitalization—	Authorized	Outstanding
Capital stock	$750,000	$750,000

Funded Debt—
First mortgage, 6½% bonds, due 1943, $470,000.

Officers and Directors—
J. R. Garwood, pres.; H. E. Wagner, mgr.; A. H. Harlow, sec.-treas.; P. G. Denson, G. Denson, H. W. Clarke.

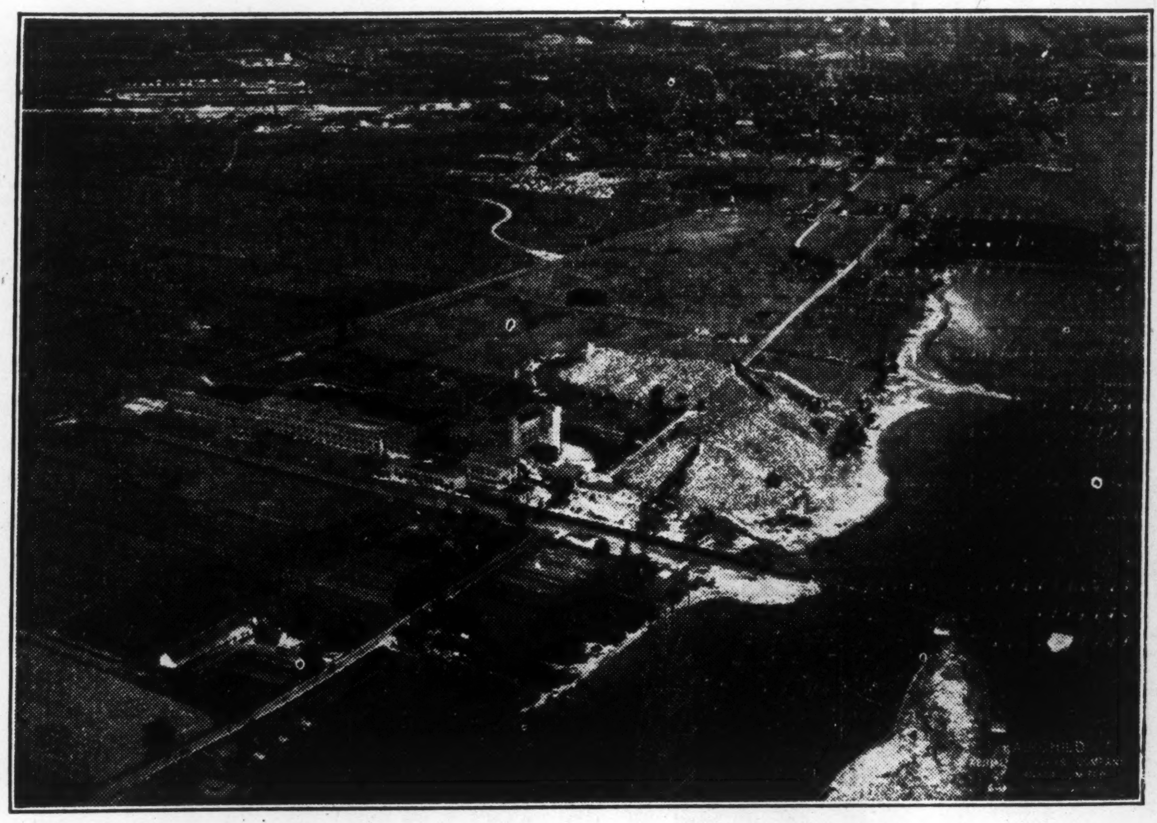
Properties—
Company owns two groundwood mills, having an annual capacity of 13,000 tons of groundwood pulp; 31,646 acres of freehold lands and 44,936 acres of leasehold timber limits. Property to be sold by auction, Oct., 1928.

Reach the English-Speaking Population of Three Rivers and the St. Maurice Valley
The World's Greatest Pulp and Paper Centre
By Using
The St. Maurice Valley Chronicle
(Founded in 1918)
An Outstanding Canadian Weekly Newspaper of the Better Class.

The Chronicle reaches an English-speaking population of over 16,000 in Three Rivers, Cape Madeleine, Shawinigan Falls, Grand'Mere, La Tuque and Drummondville. It is thoroughly representative of the World Known Pulp and Paper, Textile, Aluminum, Iron and Electrical By-Products Industries which have made Three Rivers and the St. Maurice Valley the most prosperous section of the Province of Quebec. A strongly built circulation reaching all the most desirable prospects of the district.

Your Inquiries are Invited. Increase your Sales in THE ST. MAURICE VALLEY by tapping its strong purchasing power through

C. E. LABRANCHE, Vice-Pres.
THE ST. MAURICE VALLEY CHRONICLE
Three Rivers, Quebec
R. J. CLARK, Editor and Sec.-Treas.



THE aerial photograph shows the St. Lawrence Paper Mills situated on the St. Lawrence at Three Rivers, P.Q. The mills have a capacity of 325 tons of newsprint daily. The plant is self contained and manufactures all the groundwood and sulphite pulp requirements of the newsprint mill. At the present time the two machines, planned for operation in 1929, are being installed in the new buildings recently completed.

St. Lawrence Paper Mills Co.
Limited

Sales Subsidiary:
St. Lawrence Sales Co. Limited
Montreal, Three Rivers and New York

Head Office:
Canada Cement Building
Montreal

Lake St. John

Occupies Fortunate Position With Entire Output Sold Over Ten Years

While the Lake St. John Power and Paper Company has contracts with the William Randolph Hearst interests for the sale of its entire output over the next ten years, it is reasonable to presume that the unsatisfactory conditions now affecting all the newsprint producers on this continent will affect earnings of the company. Hearst is a shrewd buyer and when he first made his contract with the Lake St. John Power and Paper, a year or two ago, no doubt realized that there was every possibility of overproduction in the industry, coupled with a decline in prices. Hence, the contracts which the Lake St. John Power and Paper Company hold with Hearst, are no doubt based on a sliding scale with maximum and minimum figures depending on the current quotations for newsprint paper.

Interesting Company

Nevertheless, newsprint slump or no newsprint slump, the company can carry out its operations at capacity and so, coupled with its adjacent timber limits, can operate on a low cost basis. Hence, the common shares look like an interesting speculative long hold for a business man.

The mills first began to operate at the beginning of this year. They are located on the Mistassini River, which flows into the northern end of Lake St. John. The rated capacity of the plant is 220 tons of newsprint a day. Ultimately, an additional 220 tons capacity is contemplated.

The company's limits cover about 1,000 square miles, estimated to contain not less than 6,000,000 cords, sufficient to supply raw material to the mills for 60 years. The company has favorable contracts with the Duke-Price Power Company. Its waterpower sites are capable of developing 20,000 horse power at low cost.

Increase Equity of Common

The mill is operating at full capacity and will continue to do so for ten years, due to its contract with Hearst. The town of Dolbeau, P.Q., which was built up in connection with the paper mill project, has now reached a population of almost 2,000 people and has all the facilities installed to make it a model and up-to-date town.

After the company has been in operation for a few years, earnings should be such as to permit the management to increase steadily the shareholders' equity in the property.

Despite the situation existing in the whole industry, the common shares should do well if held over a term of years.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	100,000 shs.	100,000 shs.
Pref. 7% cum. .... ($100 par).	$4,000,000	$3,075,000

Funded Debt—
6½% first mortgage sinking fund bonds, due 1947; authorized and issued $5,000,000. 6½% mortgage debentures, series "A," due 1942; authorized $7,500,000, issued $3,000,000.

Dividend Record—
Preferred—7% per annum, payable quarterly, cumulative from July 1, 1928.

Officers and Directors—
E. A. Wallberg, pres.; H. H. Horsfall, vice-pres.; T. A. Gass, sec.; A. L. Fullerton, Toronto; R. O. Sweezey, Montreal; John Stadler, gen. mgr.

Earnings—
Annual net earnings, based on present price of newsprint, estimated at $1,350,000.

Corrugated Box

Company Recently Financed Operates Two Factories

Corrugated Paper Box Co. is a Dominion company formed this year to take over an Ontario company of the same name which had built up a successful business in the manufacture of corrugated paper boxes and other fibre shipping containers. The company operates factories in Toronto and Winnipeg which have a floor space of 100,000 square feet. Both plants are equipped with modern machinery.

With the demand for corrugated paper products continuing to grow, and with this company and its predecessor having a satisfactory record over a term of fifteen years, the outlook under the present management is considered good: Earnings are more than double the dividend requirements on the preferred stock outstanding.

The preferred stock issued was offered the public in June of this year and three shares of common stock were given with each ten shares of preferred.

Capitalization—	Authorized	Issued
Common (n.p.v.)	100,000 shs.	40,000 shs.
Pref. 7% cum., red. ($100 par).	$1,500,000	$650,000

Funded Debt—
None.

Officers and Directors—
J. S. A. Whealy, pres.; A. T. Whealy, J. A. Whealy, J. A. Gairdner, Senator J. H. Spence, O. A. Doherty, Toronto; Henry Hilton, Winnipeg.

Earnings—
Combined net earnings of the acquired companies for year ending Dec. 31, 1927, were $106,529, equal to 2.34 times dividend requirements on shares outstanding, and, after deduction of preferred dividends, $1.52 per share on common.

Interlake Tissue

Interlake Tissue Mills is a company owned and operated by interests connected with the successful operation of Provincial Paper, Ltd. There is virtually no investment interest in this company.

The company manufactures tissues of various grades. Its head office is at Toronto and its mill at Merritton, Ont.

Capitalization—	Authorized	Outstanding
Common ($100 par)	$1,000,000	$625,000

Funded Debt—
6% first mortgage sinking fund bonds, due 1935; outstanding $267,000.

Dividend Record—
6% paid 1920; 1½%, Mar., 1921; 6%, 1924; 6%, 1926 and 1927.

Officers and Directors—
G. Carruthers, pres.; I. H. Weldon, vice-pres. and treas.; S. F. Duncan, sec.; A. Fasken, Toronto; C. A. Dewing, S. B. Monroe, A. B. Connable, Kalamazoo, Mich.

Profit and Loss—
Balance, profit and loss account:

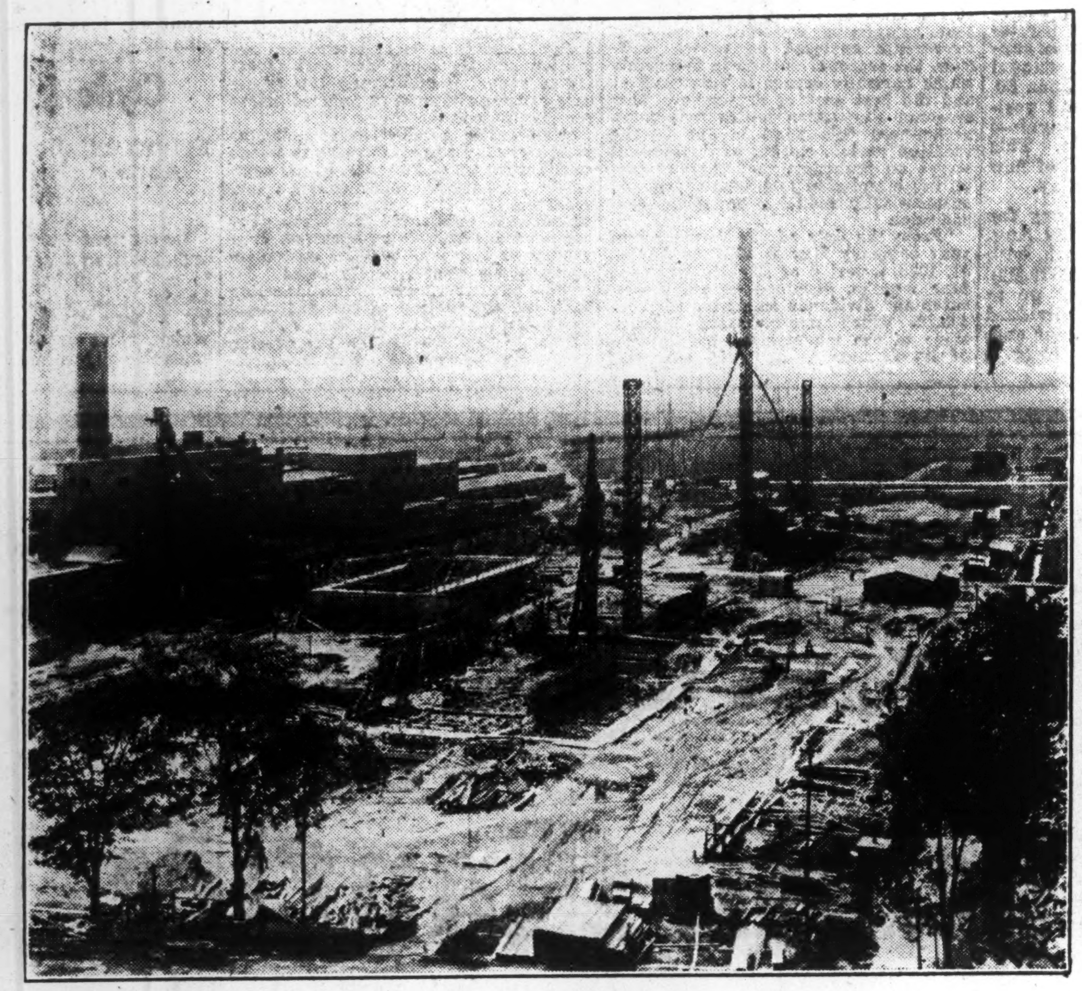
Dec. 31, 1922	$110,419
Dec. 31, 1923	132,151
Dec. 31, 1924	99,309
Dec. 31, 1925	109,597
Dec. 31, 1926	102,102
Dec. 31, 1927	102,238

Depletion Due to Fire

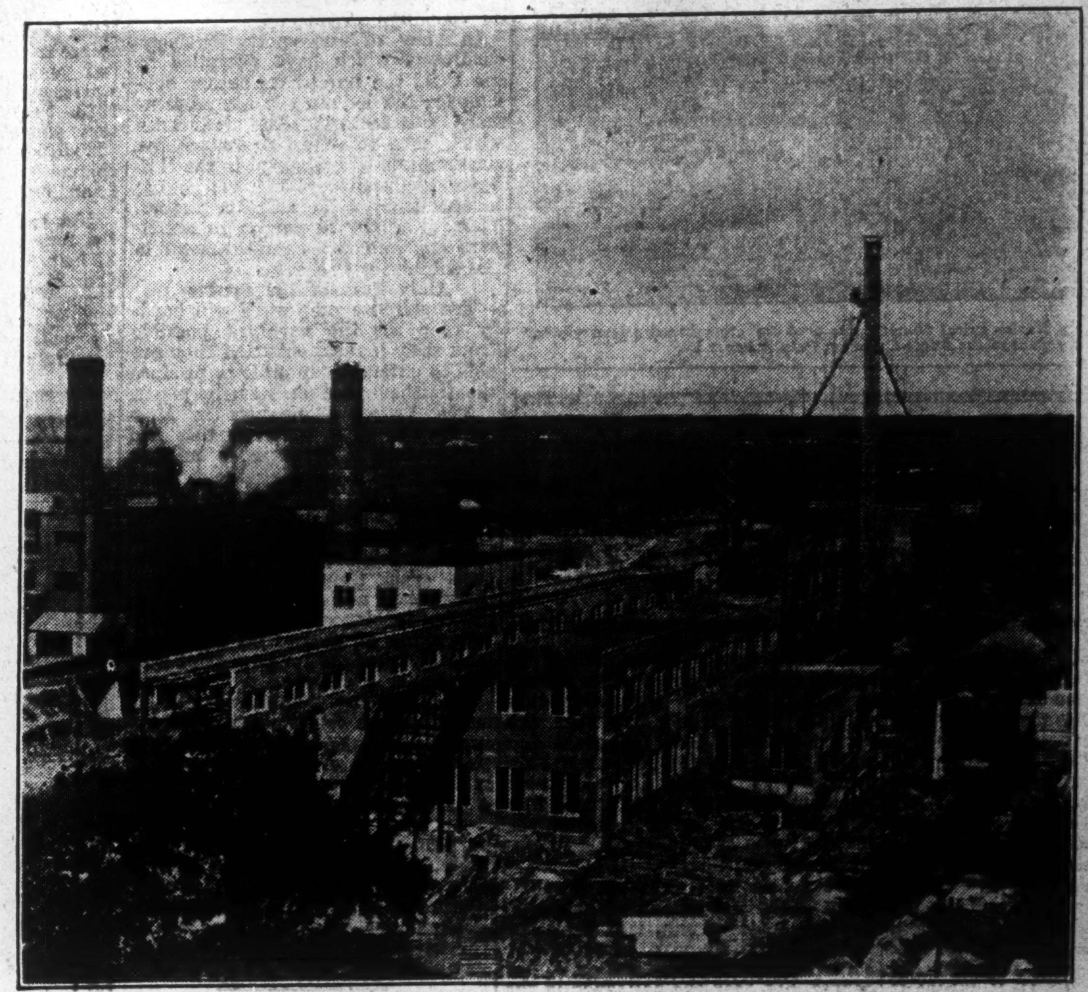
It has been estimated that since the advent of the white man Canadian forests have been reduced by 73 per cent. Of this 13 per cent. represents timber which has been cut and 60 per cent. that which has been destroyed by fire.

The Foundation Company of Canada Limited and Associated Companies is one of the largest Engineering and Construction organizations in the world.

St. Lawrence Paper Mills Co. Limited, Three Rivers, P.Q.



Progress, June 5th, 1928.



Three months later, Sept. 5th, 1928.

Maintaining a Good Name

in Pulp and Paper Mill Construction

SPEED and efficiency in pulp and paper mill construction is the result of familiarity and experience with the many and varied requirements of the construction needs of the industry.

The work we are now doing for the St. Lawrence Paper Mills—the sixth contract received from this company—further establishes the good name of The Foundation Company as an organization fully able to achieve a pulp and paper mill construction job with thoroughness and despatch.

The present contract with St. Lawrence Paper Mills, begun in May, 1928, now finds the work progressively forward. You may entrust your construction program to The Foundation Company with full confidence.

The 250-ton newsprint mill of the Mersey Paper Company Limited at Liverpool, Nova Scotia, is the most recent development in the newsprint industry. The granting of the construction contract to The Foundation Company further emphasizes the extent of The Foundation Company's services in the pulp and paper construction field.

THE FOUNDATION COMPANY
OF CANADA
LIMITED

Associated with The Foundation & Construction Company of Ontario Limited
and Foundation Maritime Limited, Halifax, N.S.

BRITISH MARKET FOR NEWSPRINT SEEMS STRONGER

Newsprint Mills of U. K. Now More Fully Occupied

FOREIGN PLANTS BUSY

Betterment Overseas Has Some Effect on Domestic Newsprint Producers

While the Canadian newsprint mills are dependent on the demand in the U. S. market for the sale of their product, yet newsprint sells in a world market similar to a degree to the market which exists for wheat, copper or silver. When there is a hesitancy in the demand on the continent, more Scandinavian newsprint finds its way into the U. S. Hence the state of the newsprint markets on the continent is of importance to the Canadian newsprint industry.

Great Britain is the largest newsprint consumer in Europe. Of late there has been a decided betterment in the market for newsprint there, according to the World Paper Trade Review of London, which says in summarizing the situation:

"It is good news that the British newsprint mills are now more fully occupied and that the industry generally in this country is displaying more activity. The fact is important to the nation as a whole because it means not only more employment for labor within the industry itself, but also because there must follow better conditions in other walks of life such as publishing works and the multifarious spheres which come under their influence. Here we have a direct response to Mr. Baldwin's appeal.

Consumption Is Rising

"Consumption of newsprint in the United Kingdom is rising year by year. The total annual amount going into consumption of over 800,000 tons, or about sixteen thousand tons a week, figures which imply a vast amount of employment for those engaged in the production of this grade of paper and in the incidental activities. Of this total, that actually manufactured in Great Britain is somewhere about 615,000 tons per annum. Colonial importation this year will probably be in the neighborhood of 160,000 tons and foreign importation, also this year, based on 1927 calculations, may be put at 150,000 tons.

"As against these figures returns would make it appear that the export of this grade of paper is fully 80,000 tons, going to Australia, South America and South Africa.

"It should be noted that the capacity production of British mills is, when running full time, 650,000 tons per annum.

Prices Are Steady

"In the present position of the newsprint market in this country it naturally follows that prices are firm. Foreign newsprint now stands at about £12 10s. to £12 12s. 6d. c.i.f., to which has to be added 15s. for delivery in London and an average of 25s. for delivery in other parts of the country. Quotations for foreign newsprint are taken to represent a value fairly relative to the English price. It is pointed out that mills in the southern parts of the country charge for the net weight of paper (not including steel centres, which are returnable). Foreign newsprint, on the other hand, is fitted with strawboard and cardboard centres and plugs and there is an inclusive charge, which is according to the old Paper Trade Customs.

"In common with British mills the foreign plants manufacturing newsprint are also feeling the effects of the better demand. Finnish mills, for example, being sold out for this year, and that is a common experience.

Larger Newspapers

"The improvement in the situation of the newsprint market is due, of course, to the larger newspapers which are now being issued, especially those which have a circulation round the million mark. Before the advent of the Daily Mail there were but few daily newspapers and their circulations were limited, probably not exceeding 200,000 copies. With circulations now running into millions the addition of a few pages makes an enormous difference in the quantity of newsprint used. If a journal with a large clientèle increases its pages, say from 16 to 20, there is a jump in the amount of paper used of 25 per cent. Taking the consumption of newsprint in this country at 800,000 tons an addition of four pages means another 200,000 tons. Of course, this is a hypothetical calculation, but still it illustrates the point, and it must be remembered that 24-page newspapers are not uncommon nowadays, thanks to the popularity as well as the uses of advertisement."

August Canal Traffic Heaviest in Some Years

From Our Own Correspondent

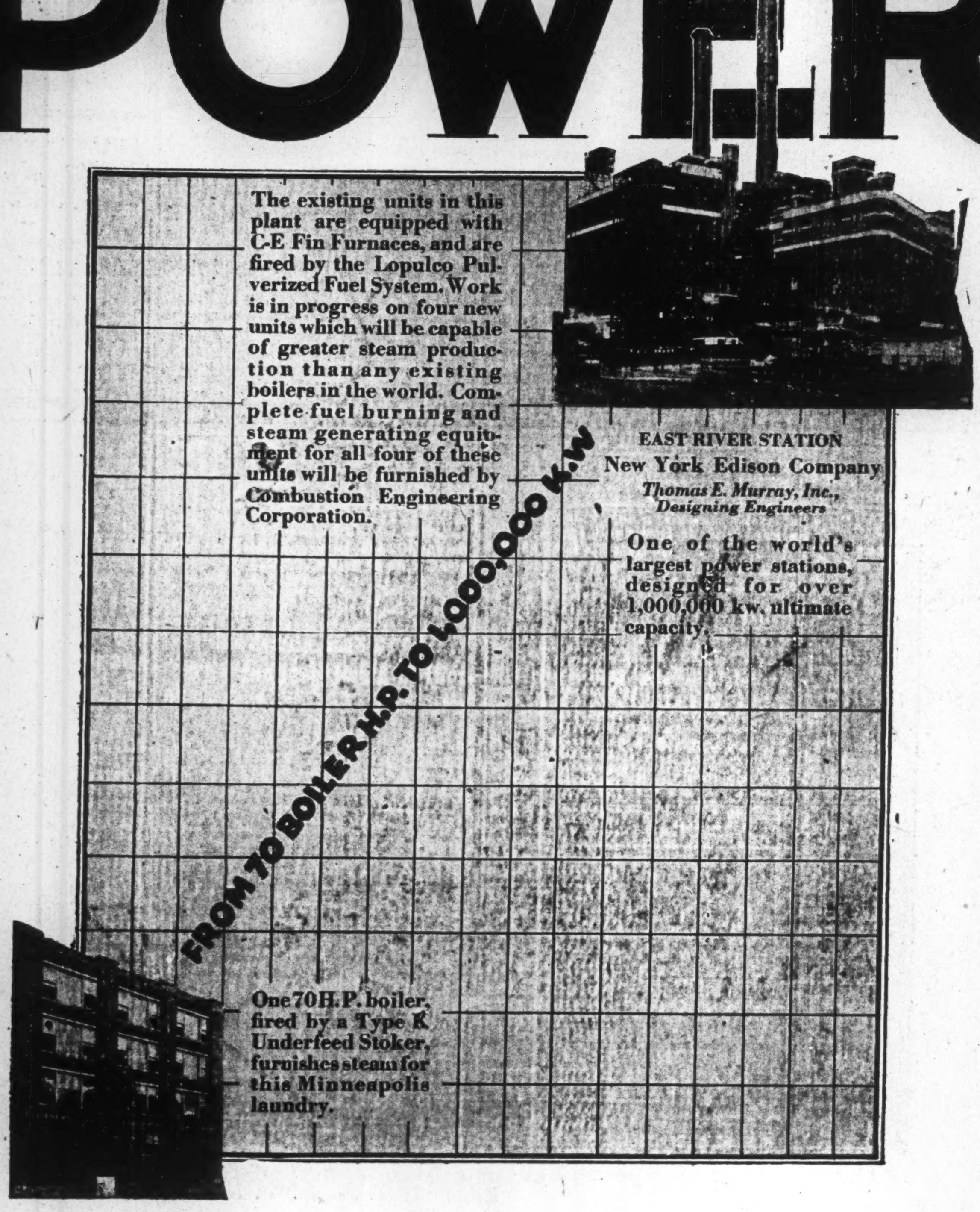
MONTREAL. — Traffic moving through the Canadian canals during August was exceptionally heavy and in many instances, set up new records. The total traffic through the Canadian and United States locks at Sault Ste. Marie was heavier than during August last year by 1,959,050 tons. Wheat traffic was more than double the traffic last year and other grains increased by 3,681,000 bushels, or 59 per cent.

Welland Canal reports traffic was heavier than for August last year by 103,830 tons and was exceeded only by the monthly record—1,130,277—made in October last year. Freight traffic was particularly heavy, wheat showing an increase over August 1927 traffic, of 113,530 tons, oats an increase of 28,574 tons and rye an increase of 23,274 tons.

More freight was transported through the St. Lawrence Canals during August than in any previous month. The total tonnage amounts to 1,359,561 tons, exceeding the tonnage for the same month last year by 231,044 tons, and the tonnage for June, 1927, which was the previous high record, by 147,958 tons.

Huntingdon.—During the first 7 months of 1928, January 1 to July 31, inclusive, 6,326 Ayreshire cattle were registered and 5,506 transferred, according to the Canadian Ayreshire Breeders' Association. This represented an increase of 1,919 registrations and 1,644 transfers over the similar period of last year and within 1,295 of the total registrations made in 1927, the high year in the history of the Canadian Ayrshire Breeders' Association.

POWER Plants


FROM 70 BOILER H.P. TO 1,000,000 K.W.

The existing units in this plant are equipped with C-E Fin Furnaces, and are fired by the Lopulco Pulverized Fuel System. Work is in progress on four new units which will be capable of greater steam production than any existing boilers in the world. Complete fuel burning and steam generating equipment for all four of these units will be furnished by Combustion Engineering Corporation.

EAST RIVER STATION
New York Edison Company
Thomas E. Murray, Inc., Designing Engineers

One of the world's largest power stations, designed for over 1,000,000 kw. ultimate capacity.

One 70 H.P. boiler, fired by a Type K Underfeed Stoker, furnishes steam for this Minneapolis laundry.

POWER PLANTS

From 70 H.P. to 1,000,000 K.W. ult.

PULVERIZED FUEL

Complete systems with mill capacities from 600 to 60,000 lbs. of coal per hour.

STOKERS

For capacities from 250 to 40,000 lbs. of coal per hour.

WATER-COOLED FURNACES

From 90 sq. ft. to 4,132 sq. ft. of water wall surface.

AIR PREHEATERS

From 217 to 66,942 sq. ft. of heating surface.

THE wide range of fuel burning and steam generating equipment offered by Combustion Engineering Corporation Ltd., is available to Power Plants throughout Canada.

The successful utilization of Maritime Coals by Lopulco Pulverized Fuel Systems, with high efficiency and low maintenance costs, is but one example of the service possible to Canadian Power Plants through the knowledge and experience of this organization and its associates.

There is no sharp dividing line between the responsibilities of the stoker or burner manufacturer, the furnace builder and the boiler maker. Steam Generation is a combined process of heat liberation and heat absorption. The performance of individual elements is secondary to the performance of the combination—as a unit. The ultimate goal sought is to produce a dependable supply of steam at minimum cost.

You will find equipment of this organization installed in the best known Canadian plants—a few of which are listed below:

St. Lawrence Paper Mills
Canadian International Pulp & Paper Co.
Laurentide Pulp Co.
Lake Superior Paper Co.
Fort William Paper Co.
St. Annes Paper Co.
Lake St. John Power & Paper Co.
Nashwaak Pulp & Paper Co.
University of British Columbia
Steel Company of Canada
Imperial Oil Co.
Canadian Pacific Railway
Winnipeg Electric Railway

Combustion Engineering Corporation *Limited*
Power Plant Equipment
MONTREAL, TORONTO, WINNIPEG, VANCOUVER

Abitibi Power & Paper

Many Rumors on Company's Earning Power—Management Has Good Record—Largest Newsprint Company

Rumor is rife concerning the current earning power position of the Abitibi Power and Paper Company. The stock changes hands at a figure which indicates that the present dividend rate is not being earned. It is difficult, if not impossible, to survey Abitibi's assets and to make an estimate of present profits due to the gigantic Abitibi-Spanish merger, which took place at the beginning of the year. Figures of previous years operations are obviously not available, due to the merger, which brought nine pulp and paper mills under the able management of Abitibi.

It is impossible to say whether or not Abitibi is earning its dividends, but it is certain that a narrow margin between profits and dividend requirements exists in either case. The company is in an eminently strong liquid position and can well afford to maintain dividends even if profits at the moment are slightly below dividend requirements. Earlier this year the profits of Abitibi's mills were more than sufficient to meet the dividend requirements. But the action of the stock undoubtedly indicated that earnings have declined in the summer months this year.

Controlled by Abitibi

The merger of Abitibi, Spanish and their associated companies brought nine mills under the management of a company which has a record of success behind it. The original shareholders of Abitibi still control the operations of the company despite the shares distributed to the companies acquired in the merger. The record and ability of the Abitibi management is one of the most favorable factors in the outlook for the larger company.

The original Abitibi mill was always regarded as one of the lowest cost producers in Canada; before the advent of the present hesitancy in the newsprint market, the company brought its capacity up to a figure almost 10 per cent. in excess of the rated output of its newsprint machines.

Abitibi has large power resources. From an investment angle it is unfortunate that the major portion of its developed power is located in areas where there is no industrial demand for power. Hence, in its Abitibi plant, the company uses large blocks of power to generate steam. Of course, if Abitibi had a suitable industrial market for this power it could be sold, but the economic losses are not as great as might be imagined for the coal costs at Iroquois Falls, where the original Abitibi plant is located, are high due to the long freight haul.

Maximum Benefits to Come

While Abitibi owns and operates nine plants, the acquisition of these companies has hardly been completed for sufficient time to allow Abitibi to obtain the maximum benefit resulting from the merger.

There has been talk, from time to time, of negotiations between the present Abitibi Company and the International Paper Company. It is said that International is angling to acquire Abitibi.

But investors in Abitibi will recall that it took seven or eight years of negotiating to consummate finally a merger with Spanish River. The immediate possibility of a merger with International Paper seems to be quite out of the question. Indeed, the ultimate possibility of such a merger now appears to be more than remote.

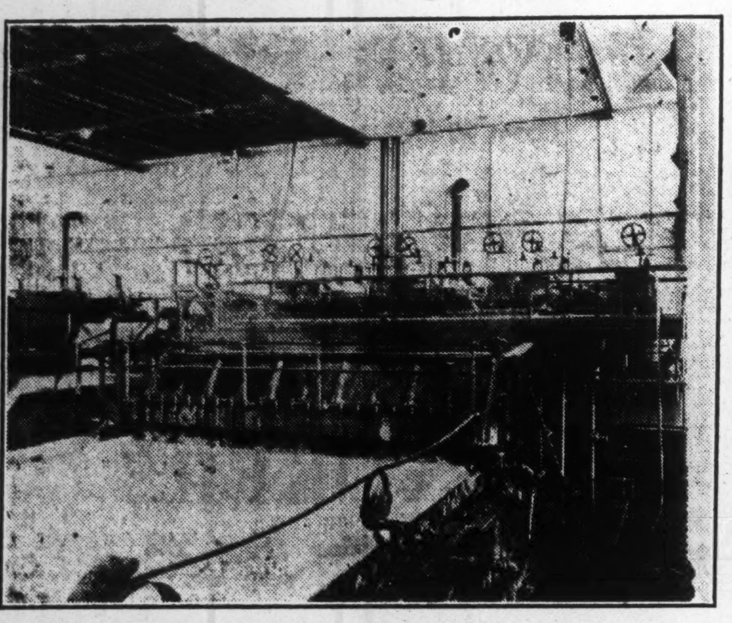
The accompanying panel shows very clearly the extent and distribution of Abitibi's vast assets.

Balance Sheet Positior

Abitibi has current assets of some $22,400,000 against current liabilities of $7,500,000, making a net working capital of about $14,900,000. Fixed assets amount to $153,000,000, as against a funded debt of $50,000,000. The preferred stock outstanding totals some $35,000,000. Reserves amount to nearly $23,900,000. From these figures it will be seen that Abitibi occupies a position in which it should be able to weather the unsatisfactory conditions prevailing in the industry at the present time and likely to prevail for some time to come.

The Abitibi Company is the outstanding newsprint organization in the world. The combined capacity of its mills exceeds 2,100 tons daily, or about 25 per cent. of the entire capacity of the Canadian mills. Its pulpwood resources exceed 30,000 sq. miles; it is the largest timber holder in the world. The location of the mills allows Abitibi to serve better and more economically each of the large newsprint consuming territories in the United States. Obviously, the eastern plants obtain lower freight rates to the Atlantic seaboard and the other plants are thus left free to supply the newsprint for the west and middle west of the United States.

"Wet" End of a Newsprint Machine



—Canadian Ingersoll-Rand photo

The photograph shows the "wet" end of a newsprint machine, where pulp first begins to turn into paper in the manufacturing process. The stock is seen coming in a thin white layer on to the fourdrinier wire from four Bird paper screens through the slice. The picture was taken in the Gatineau mill of the International Paper Company. All four 270-inch newsprint machines in the plant are similarly equipped. The remainder of the process is simple in theory, but complicated in practice. The stock is compressed and dried by being passed over many heated cylinders.

Largest Canadian Company

The company possesses assets with a total value exceeding those of any other industrial operating exclusively in Canada. The assets are about 75 per cent. greater than the entire amount invested in the Canadian textile industry.

While the present weakness exists in the demand for newsprint, Abitibi is operating its low cost mills at full capacity and has closed down some of its other operations.

While Abitibi has some pulp production and board production, yet the future of the company depends virtually entirely on the market for newsprint paper, hence, the immediate future outlook for the company is identical with the immediate future outlook for the industry as a whole. Any attempt to assess the value of Abitibi shares must take into account the fact that the industry is in the doldrums and likely to remain so for some time due to the over expansion of the mills on this continent coupled with only a minor increase in the demand.

Has 50,000,000 Cords

Abitibi's annual capacity of 650,000 tons of newsprint is capable of expansion to 1,000,000 tons a year from its present timber and water power resources. Total wood resources contain in excess of 50,000,000 cords. The eight paper mills of Abitibi extend from the lower St. Lawrence to Lake Winnipeg and are well located for supplying the market from the Atlantic seaboard to the Rocky Mountains. The company's ninth mill, at Smooth Rock Falls is a sulphite pulp producer only.

In any consideration of Abitibi, an important feature of the outlook for its common shares is the fact that the number of shares outstanding, or rather, on which dividends will be paid, will steadily increase until January 1, 1930.

Dividends Accrue Later

When the Abitibi Company acquired Spanish River and the various subsidiary newsprint companies, shareholders of all the six companies now comprising the Abitibi Power and Paper Company were given shares in the present company, in exchange for their holdings. In view of the situation existing in the newsprint industry, and in view of the fact that some of the subsidiary mills have only gone into operation recently, it was thought fair that dividends would only accrue at certain future dates on Abitibi stock given to the shareholders of some of the former subsidiaries.

How the shareholders of the various component companies fared, and the increasing number of shares on which Abitibi is to pay dividends, as time goes on, is shown in the following tabulation which reveals how the common stock capitalization is to be increased:

Date of Share Allotment	To Component Companies	Total Shares Outstanding
Jan. 1, 1928	Abitibi and Spanish	688,894
July 1, 1928	Fort William	757,894
Jan. 1, 1929	Manitoba	834,455
July 1, 1929	St. Anne	917,705
Jan. 1, 1930	Murray Bay	941,696

At the present time, Abitibi is operating at full capacity its low cost mills, while some of the higher cost plants are either closed down or operating on a restricted basis. Undoubtedly the ability of the company to maintain full scale operations at its lower cost producers while the scale of operations at the higher cost plants varies in proportion to the demand for newsprint is a factor which should affect operating costs favorably over a full twelve months' operations.

INCOME AND SURPLUS ACCOUNT, YEARS ENDING DECEMBER 31

	1927	1926	1925	1924	1923	1922
	$	$	$	$	$	$
Gross earnings	....	....	10,364,677	10,686,859	11,047,677	9,461,299
Less: Operating expenses	....	....	6,124,340	6,301,307	6,768,088	5,846,462
Net earnings	4,218,490	4,254,595	4,240,337	4,385,552	4,279,579	3,614,837
Less: In. on funded debt	762,493	539,781	611,420	762,260	882,625	929,123
Depreciation, etc.	546,423	597,819	539,000	625,505	930,186	803,391
Income tax appro.	......	155,000	220,000	190,000	......	53,177
Net profit for year	2,904,574	2,961,995	2,869,917	2,807,787	2,466,768	1,829,146
Less appropriations—						
Pref. dividend	70,000	70,000	70,000	70,000	70,000	70,000
Common dividends	1,250,000	1,062,500	1,000,000	1,000,000	1,000,000	500,000
Reserve for deprec.	1,092,492	965,707	1,521,461	1,236,144	......	......
Adjust. for taxes	......	......	......	......	......	......
Surplus for year	492,082	863,788	278,456	501,643	1,396,768	1,259,146
Add previous surplus	7,847,894	6,984,106	6,705,650	6,204,007	4,807,239	3,548,093
Balance carried forward	8,339,976	7,847,894	6,984,106	6,705,650	6,204,007	4,807,239
Times Interest Earned	4.89	6.49	5.69	4.69	3.79	2.96
Dividend Record and Earnings on Capital Stock—						
Preferred, Earned	290.5%	296%	286%	280%	246%	188%
Paid	7	7	7	7	7	7
Common, Earned	$11.34	$11.56	$11.20	$10.95	$9.59	$7.04
Paid	$5.00	$4.25	$4.00	$4.00	$4.00	$2.00

Capitalization*— Authorized Outstanding
Common (n.p.v.) 1,500,000 shs. 986,787 shs.
Pref. 7 per cent. cum.
($100 par) $1,000,000 $1,000,000
6 per cent. cum. ($100)
par) $50,000,000 $34,976,400

*Original common stock authorized in 1914, 70,000 shares, $100 par value; decreased same year to 50,000 shares; increased in 1917 to 60,000 shares; decreased again in 1920 to 50,000 shares. Value of stock changed to no par in 1920 and number of shares authorized 250,000; increased to 1,500,000 shares in 1927. Preferred 7 per cent stock reduced from $2,000,000 to $1,000,000 authorization in 1917; 6 per cent. stock issued in 1927.

Funded Debt—

6 per cent. mortgage serial bonds, due 1928-34; Outstanding $2,061,500.

6 per cent. general mortgage sinking fund bonds, due 1940; Outstanding $3,396,000; called for redemption July 2, 1928.

8 per cent. consolidated mortgage sinking fund bonds, due 1931; Outstanding $2,794,200.

6 per cent. coupon notes, due 1931; Outstanding $4,000,000; called for redemption Sept. 15, 1928.

5 per cent. first mortgage bonds, series A, due 1953; issued $50,000.000.

Dividend Record—

Common—(Old Stock): Initial dividend of 1½ per cent. paid 1919; 4½ per cent. Jan., 1920; 7½ per cent. April, 1920; $1.50 per share paid on no par value stock July, 1920 and quarterly to July, 1921; $1 April, 1921; passed until $1 Oct., 1922 and quarterly thereafter; $1.25 Jan. 1927 to Jan. 1928, inclusive.

Common—(New Stock): Initial dividend of $1 per share paid April 1928, $1 paid July 1928.

Preferred—7 per cent. per annum, cumulative, payable quarterly Initial dividend paid Jan., 1917. All arrears paid during 1919. Dividend paid quarterly since—6 per cent. per annum, cumulative, payable quarterly; 1½ per cent. paid April and July, 1928.

Officers and Directors—

Alexander Smith, president, Chicago; W. A. Black, vice-pres.; L. R. Wilson, vice-pres. and man. dir.; W. H. Smith, sec.-treas; T. Broadhurst, asst. sec.-treas, Montreal; George H. Kilmer, K.C., W. K. George, Geo. E. Challes, Toronto; Victor E. Mitchell, K. C., D.C.L.; Sir Thos. Tait, A. J. Brown, K.C., E. L. Pease, Montreal.

Market Record—

Market Record—

	Common High	Common Low	Pref. 7% High	Pref. 7% Low	Pref. 6% High	Pref. 6% Low
1916	82	65	91	89	..	..
1917	58½	48	90	88½	..	..
1918	57½	48	90	90	..	..
1919	292½	48	110	90	..	..
1920	*340	248	97½	85	..	..
1920	†87	46½	..	..	..	..
1921	58	22	89	83	..	..
1922	71	30	100	83¼	..	..
1923	74	56½	100¼	90¼	..	..
1924	60	53	108½	97	..	..
1925	75¼	61½	111¼	98½	..	..
1926	98	70¼	116	106¾	..	..
1927	149¼	82	125	113	..	..
1928x	89¾	47	130	124	103	88½

*$100 par 1920.
†Changed to no par value, May, 1920.
xNew stock. To September 11.

Ste. Anne Paper Co.

(Subsidiary of Abitibi)

Capitalization—

Acquired by Abitibi Power & Paper Co. Preferred stock and bonds redeemed in 1928. Common stock, 100,000 shares outstanding, all owned by Abitibi Power & Paper Co.

Production—

Company controls over 3,000,000 cords of wood; mill capacity 85,000 tons per annum.

Murray Bay Co.

(Subsidiary of Abitibi Power & Paper)

Capitalization—

Acquired by Abitibi Power & Paper Co. Wound up and dissolved May, 1928. Preferred stock and bonds redeemed.

Common, outstanding, 50,000 shares, held by parent company.

Production—

Annual capacity, 37,000 tons newsprint.

Fort William Power Co.

(Subsidiary of Abitibi)

Capitalization— Authorized Outstanding
Common (n.p.v.) .. 80,000 shs. 80,000 shs.
Control acquired by Abitibi Power & Paper Co., Jan., 1928; shares exchanged on share for share basis.

Earnings—

Consolidated net earnings for year ended Dec. 31, 1927, were $1,128,422; bond interest on funded debt of subsidiary companies, and other interest, $438,990; surplus, $374,051.

Kaministiquia Power

(Subsidiary of Abitibi)

Capitalization— Authorized Outstanding
Common "A" .... 30,750 shs. 30,750 shs.
(No par non-voting).
Common "B" .... 9,250 shs. 9,250 shs.
(No par voting).
All common shares owned by Fort William Power Co. now controlled by Abitibi Power & Paper Co.
Pref. 7% $1,250,000 $1,248,500
(Par $100).

Funded Debt—

5½% first mortgage sinking fund bond, series "A", due 1950; outstanding $2,999,883, of which $973,333 ($200,000) is issued in debenture stock.

Dividend Record—

Preferred 7% per annum, payable Jan., Apr., July and Oct. 15.

Officers and Directors—

G. R. Gray. pres.; W. N. Hurlbut, vice-pres.; J. G. Gibson, sec.; W. Struthers, treas.; W. L. Bird, gen. mgr.; Geo. H. Mead, P. B. Wilson, C. H. L. Jones, T. H. Watson, Sir H. S. Holt, J. S. Norris, W. N. Paterson.

Abitibi Fibre Co. Ltd.

Capitalization— Authorized Outstanding
Common (n.p.v.) 100,000 shs. 100,000 shs.
Pref. 7% cum.
($100 par) $10,000,000 $4,000,000
Both stocks owned entirely by Abitibi Power & Paper Co., the stock being issued to that company in exchange for the debenture shares in the old company which it had purchased.

Funded Debt—

6 per cent. first mortgage sinking fund bonds, series "A," due 1947; outstanding $4,000,000.

Officers and Directors—..... ... ...

A. Smith, pres.; L. R. Wilson, vice-pres. and man. dir.; V. E. Mitchell, W. H. Smith, sec.-treas.

Earnings—

Net earnings available for interest after deducting all operating charges maintenance and repairs, but before depreciation and Dominion taxes have been deducted, as follows:

Year ended Dec. 31, 1925 $534,611
Year ended Dec. 31, 1926 700,735

U. S. Biggest Market for Canadian Newsprint

Of the total exports of Canadian newsprint in 1927, amounting to 1,881,867 tons, the quantity shipped to the United States was 1,748,410 tons or almost 93 per cent.

Shipments to overseas countries, which in 1927 were 133,457 tons as compared with 104,128 tons in 1926, were mainly to Australia, 46,494 tons; United Kingdom, 41,601 tons; New Zealand, 15,979 tons; and Argentina 13,268 tons, with smaller quantities going to South Africa, Cuba, Jamaica and other countries.

A large daily newspaper in the United States requires the pulpwood on over 100 acres of spruce and balsam to publish one Sunday edition.

New Zealand planted 72,000 acres in 1927—20,000 by the state, which now has 100,000 acres planted and whose objective is 300,000 by 1933.

Fort William Paper Co.

(Subsidiary of Abitibi)

Capitalization— Authorized Outstanding
Common (n.p.v.) 100,000 shs. 40,000 shs.
*Pref., 7% cum.
($100 par) $5,000,000 $1,500,000
Common stock all owned by Fort William Power Co., which is controlled by Abitibi Power & Paper Co. Preferred largely held by Spanish River Pulp & Paper Mills, Ltd.

Funded Debt—

6% first mortgage sinking fund bonds, Series "A", due 1946; outstanding, *$3,500,000.

6% second mortgage bonds, due 1936; outstanding *$500,000.

*By the issue of $10,000,000 6% preferred stock of Abitibi Power & Paper Co., in May, 1928, provision is made for retiring the 7% preferred stock by Oct., 1928, and the outstanding bonds by Nov. 1, 1928.

Dividends—

None paid.

Officers and Directors—

G. H. Mead, chairman, Dayton, Ohio; W. N. Hurlbut, vice-pres., Fort William; G. R. Gray, P. B. Wilson, vice-presidents; C. H. L. Jones, Sault Ste. Marie; Sir Herbert S. Holt, J. S. Norris, Montreal; N. N. Patterson, Fort William, T. H. Watson, Toronto; W. Struthers, treas.; J. G. Watson, sec.

Earnings—

After deducting operating charges, maintenance and repairs, but before depreciation, depletion and taxes, net earnings for 2 years and 9 months ended March 31, 1926, averaged $710,868 per annum. Later earnings included in the consolidated income account of the Fort William Power Co.

Production—

Annual capacity of mill 50,000 tons newsprint. Over 5,000,000 cords of wood controlled by company.

Abitibi's Assets Are of Vast Extent

Mills	Daily Rated Capacity Newsprint	Daily Rated Capacity Sulphite	Wood Resources Cords	Power Resources Developed	Power Resources Undeveloped
Iroquois Falls and Smooth Rock ...	600	200	15,000,000	120,000	400,000
Soo, Espanola, Sturgeon Falls	730	200	20,000,000	50,000	....
Fort William	175	..	5,000,000	....	....
Manitoba	260	..	6,000,000	....	75,000
Ste. Anne	285	..	3,000,000	....	....
Murray Bay	125	..	....*	8,450	....
	2,175	400	49,000,000	178,450	475,000

*Hold cutting rights sufficient for plant's requirements.

Manitoba Paper Co.

—ABITIBI—— 9

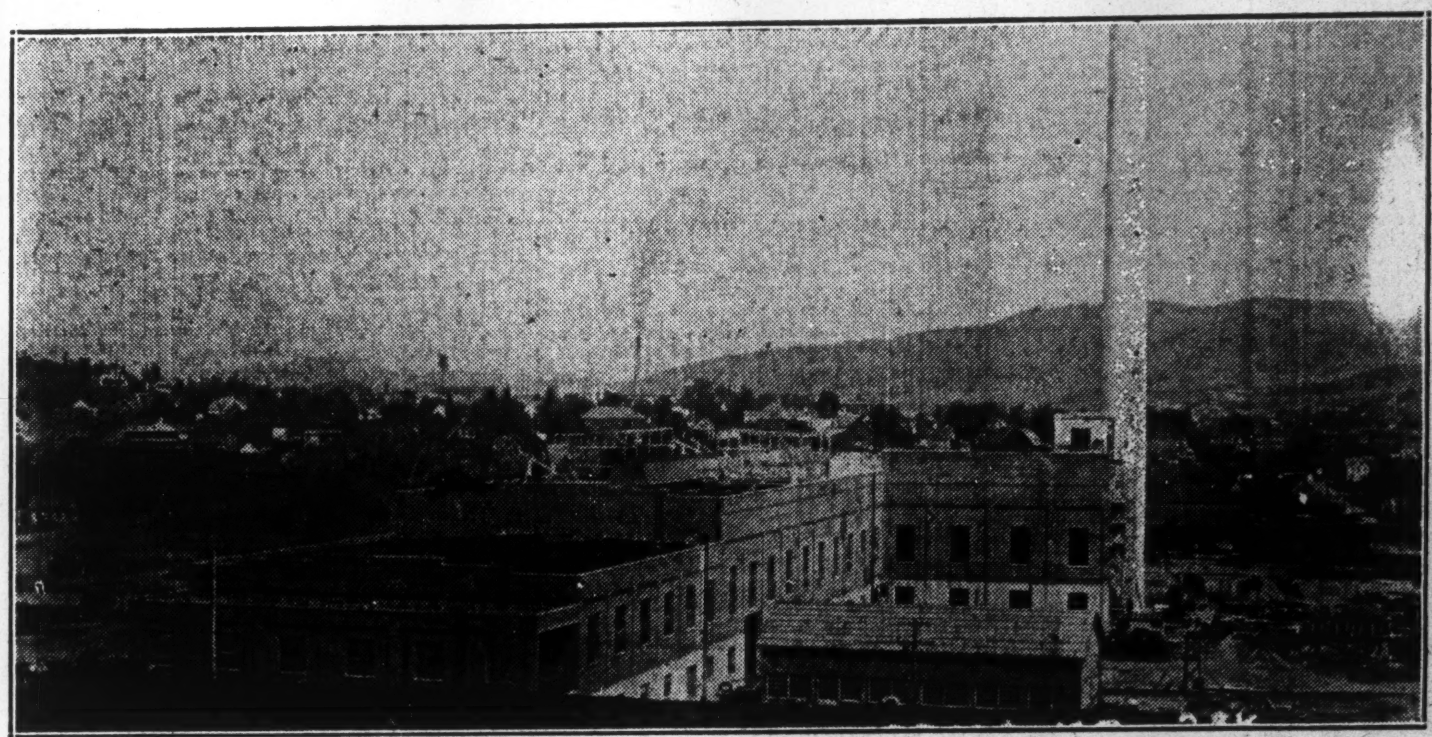
Capitalization— Authorized Outstanding
Common (n.p.v.) 125,000 shs. 125,000 shs.
Pref., 8% cum.
($100 par) $10,000,000 $4,800,000
Control acquired by Abitibi Power & Paper Co., Jan., 1928; common shares exchanged on the basis of 18/25th of one new share for each old share held. On the preferred outstanding stock, $1,050,000 is held by the amalgamating companies, and provision is made to retire the $3,750,000 held by the public from an issue of 6% preferred stock of the Abitibi Power & Paper Co.

Funded Debt—

6% first mortgage serial bonds, due 1931-1946; outstanding, $4,000,000; called for redemption, Oct. 1, 1928.

Officers and Directors—

W. H. Hurlbut, pres., Dayton, Ohio; Travers Sweatman, K.C., Winnipeg; Geo. H. Mead, Dayton, Ohio; Col. C. H. L. Jones, P. B. Wilson, George R. Gray, Sault Ste. Marie, Ont.; Alexander Smith, Chicago, Ill.; L. R. Wilson, Montreal, Que.; D. E. Corbett, sec.



Sulphite Paper Mill at Madawaska, Maine (before additions now nearing completion)
Edmundston Pulp Mill in background

FRASER COMPANIES
LIMITED
and
FRASER PAPER LIMITED

Manufacturers of

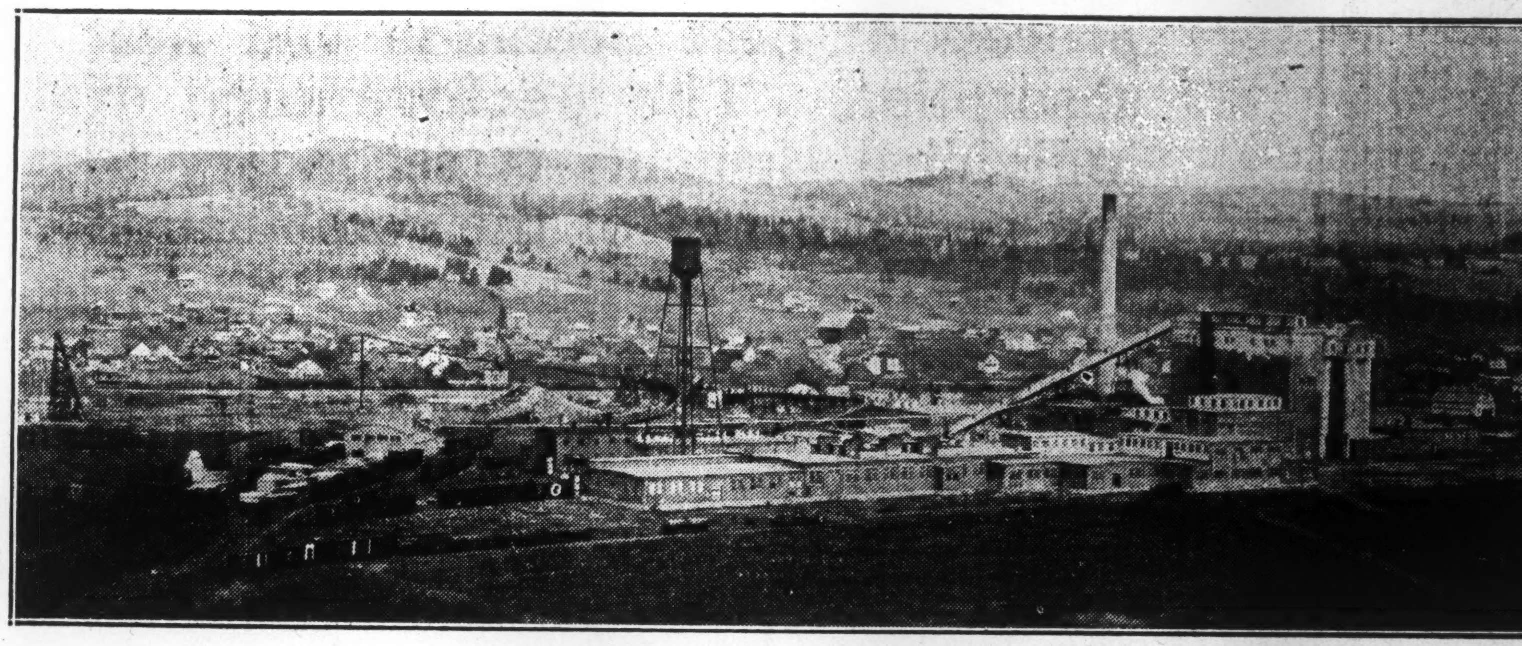
HIGH GRADE SULPHITE PULP
(BLEACHED AND EASY BLEACHING)

HIGH GRADE SULPHITE PAPERS
CATALOGUE PAPERS

LUMBER PRODUCTS

Operating and Sales Office: EDMUNDSTON, N.B.

Cables: "Fraser." Codes: A.B.C. 4th and 5th Edns. "Zebra";
Western Union



Bleached Sulphite Pulp Mill at Edmundston, N.B. (before additions now nearing completion)

52 issues of The Financial Post will appear during the coming year. Each one will contain something about your investments or your line of business that you will want to see. Make sure of seeing these articles by arranging a regular subscription. One year, five dollars.

- - - - - Use this Coupon to Subscribe - - - - -

THE FINANCIAL POST,
143 University Avenue,
Toronto.

You may send me The Financial Post for one year (52 issues).
☐ I enclose $5 (Indicate method of payment).
☐ Draw on me for $5.

Name ....
Occupation ....
Address ....

St. Lawrence Paper

High Scale of Operations Maintained — Increasing Output Largely — Market for Stock Not Developed Yet

The St. Lawrence Paper Mills was refinanced when the stock market had reached its peak this year. The resulting decline in the newsprint stocks was so large that no market was created for the new stock of the St. Lawrence Paper Mills. Doubtless, though, a market for the shares, which were sold in units, will develop.

The shares in the new company which acquired the predecessor organization of the same name were offered in units represented by partly paid allotment certificates. Each unit comprised one share of 6 per cent. preferred of $100 par value, 50 per cent. paid up; one share of no par common, fully paid; and a common stock subscription warrant entitling the holder after payment of the balance of the allotment certificate price to subscribers before 1933 for one half share of common stock at the rate of $40 a share.

Payment for the stock was spread out in three payments. When the shares were offered, $78 was paid for each unit. A further $25 will be paid on October 15 and the final payment of $25 will be made on 60 days notice between April 1, 1929, and December 1, 1929. The total cost of the unit at the latter date will amount to $128.

How Financing Used

The first payment of $78 per unit and the proceeds of additional common stock which was sold at the same time were used to acquire the business of the predecessor company. The $25 unit to be paid next month will be used to pay in part for the installation of two additional newsprint machines which the company is now installing in an extension to its plant.

The last installment of $25 per unit will only be called should the company determine to install a further two additional newsprint machines to increase the capacity to 150,000 tons annually.

The mill of the St. Lawrence Paper is located at Three Rivers and until recently consisted of a four machine paper mill of 300 tons daily rated capacity. The entire output of the mill for 1928 has been sold under contract to 41 publishers located throughout the United States and Canada and a contract has recently been entered into for the sale of 45,000 tons of newsprint a year for ten years beginning in 1929. To handle this business, the company decided to install two additional machines with a combined daily capacity of 100 tons. This will increase the output to 450 tons per day. Later it is proposed to add an additional 150 tons capacity. This year, the plants have been operating at capacity or very close to capacity.

May Grow Still Larger

Apparently, despite the hesitancy in the newsprint industry and the thin times being experienced by the other newsprint producers, the management of the St. Lawrence Paper Mills believe that sales may justify a further increase in the output before 1930 and in that event proposes to install two additional newsprint machines, thus increasing the capacity to 600 tons a day. Hence, the reason for the final $25 payment which may be called at the discretion of the directors.

Those responsible for the undoubted success of the predecessor company are still closely associated with the undertaking, but new interests have also been added to the board.

The company has licenses from the province of Quebec covering 1,434 square miles of timber limits estimated to contain 9,000,000 cords of pulpwood. In addition it has a contract for the delivery of a minimum of 50,000 cords of pulpwood each year up to 1943. These sources of supply are sufficient to last more than 40 years without allowance for reforestation or purchase of raw material from other sources.

Plays Lone Hand

In the past, the St. Lawrence Paper has received, apparently, offers to purchase from other large newsprint companies, but the management preferred to play a lone hand, a policy which has met with decided success up to the present.

The future outlook of the company seems to coincide very largely with the general outlook for the market for newsprint paper. Before St. Lawrence decided to go ahead with its expansion plans, the industry in Canada was largely over expanded and it seemed probable that it would be some time before the demand for newsprint would catch up to the capacity of the mills on this continent. Nevertheless, the St. Lawrence Paper Mills, judging from the scale of operations maintained at its plant, has been able to obtain customers paying a satisfactory price for their newsprint requirements.

Somewhat Speculative

In view of the situation existing throughout the whole newsprint industry, the future for St. Lawrence cannot very well be anything but speculative. The development of the company in an already overcrowded field will of course be watched closely, not only by the owners, but by everyone interested in newsprint.

While the outlook for St. Lawrence at the moment, like the outlook for all the newsprint producers, is not particularly happy, nevertheless shareholders in the company are backing a horse with a jolly good record.

If further price cutting should continue and competition get even keener than it is at present, St. Lawrence occupies a sound financial position for unlike most of the other companies it has no fixed charges to meet annually and thus even supposing it enters a period of lower scale operations, it is just as well equipped to compete as the other companies. The added expansion in an overcrowded field though, is not a development which can be said to increase the merits of the shares.

Capitalization—	Authorized	Issued
Common (n.p.v.)	1 000,000 shs	‡500,000 shs
Pref. 6% cum. red. ($100 par)	$19,000,000	§$9,500,000

Common shareholders were given $110 for each common shares held, and the right to subscribe for 5 new common shares at $32 per share. Preferred shareholders offered $125 per share.

§After Oct. 15, 1928, outstanding preferred will be $14,250,000; to be increased to $19,000,000 by Jan. 1, 1930, if final call is made on the allotment plan.

‡Of the issued shares the management have purchased 180,000; 190,000 have been deposited as a reserve against the warrants to subscription for common stock; 130,000 are offered to the public.

Preferred stock was offered in May, 1928, with a portion of the common stock, in units of partly paid allotment certificates. Each unit comprised 1 share of 6% preferred stock, one-half paid; 1 share of common stock, fully paid; and a common stock subscription warrant entitling the holder, after payment of the balance of the price, to purchase a further one-half share of common at $40 per share, on or before April 15, 1933. Each allotment certificate was sold at $78; a further payment is to be made Oct. 15, 1928, and a final payment between April 1 and Dec. 31, 1929, if conditions warrant expansion of the property by 1930. At that time the actual shares will be distributed to holders of fully paid-up shares in place of their allotment certificates.

Funded Debt—

None. The outstanding 6% first mortgage sinking fund bonds of the St. Lawrence Paper Mills, Ltd., series "A" due 1946, and series "B" due 1937, were called for redemption Sept. 1, 1928, at 105 and accrued interest.

Dividend Record—

Preferred—(New stock); 6% per annum, payable quarterly. (Old stock): 4% paid Aug., 1924; 4% plus 12% Jan., 1925, paying all arrears; placed on 8% basis April, 1925, and paid quarterly thereafter. Common—None paid.

Officers and Directors—

Ernest Rossiter, pres.; N. A. Timmins, chairman; A. K. Cameron, H. C. Flood, Sir Charles Gordon, F. E. Meredith, K.C., Lt.-Col. Herbert Wilson, M.C., J. I. Rankin, sec.; G. W. Scott, Montreal; E. R. Wood, Toronto, C. M. Miller, New York; W. M. Chadbourne.

Properties—

Company holds timber leases of 789 sq. m. of timber limits, estimated to contain 3,250,000 cords of pulpwood, and through its subsidiary, 350 sq. m. of timber limits, estimated to contain 1,250,000 cords of pulpwood; in addition contract for delivery of 50,000 cords of pulpwood per annum up to 1943. Daily production, 140 tons of groundwood, 150 tons of sulphite pulp, 300 tons of newsprint.

INCOME AND SURPLUS ACCOUNT, YEARS ENDING JUNE 30

(St. Lawrence Paper Mills, Ltd.)

Years Ending June 30

	1927	1926	1925	1924
Net Earnings	$1,143,592	$969,695	$868,469	$785,337
Less: Depreciation	360,000	332 619	271,265	271,265
Bond Interest	400,574	201,183	162,500	28,997
Taxes, etc.	......	......	45,434	139,778
Net Profits	383,018	435,893	389,270	345,297
Less: Pref. Dividend	200,000	200,000	383,000	......
Surplus for Year	183,018	335,893	6,270	345,297
Add Prev. Surplus	587,460	351,567	345,297	......
Balance Carried Forward	$770,478	$587,460	$351,567	$345,297
Dividend Record—				
Preferred Earned	15.32%	17.43%	15.56%	13.80%
Paid	8	8	4+12*	4
Common Earned	$3.66	$4.71	$3.78	$2.90
Paid	....	....	....	....

*Arrears.

Market Record—(Calendar Year)—

	x1928		1927		1926	
	H	L	H	L	H	L
Common	112	99	108	35	60½	35
Preferred	125½	116	117	104	109½	103¾

xTo Sept. 11:

Paperboard Industry

Is on a Satisfactory Basis and Will Grow with the Increased Industrial Expansion of the Dominion

The market for paperboard affects not only the paperboard companies, but several of the other paper companies some of which have an output of paperboard. The Canadian Paperboard Company has just increased the capacity of its plants very largely. The increased expansion was undertaken to meet a demand for grades of paperboard hitherto largely imported. Hence the expansion should not disturb the satisfactory paperboard markets which have existed and are likely to exist for some time. The industry is on a sound economic basis and the outlook for the producers appears to be satisfactory.

Since 1921, the manufacture of paperboard, or, as it is usually called, cardboard, has been making steady and satisfactory strides. In 1927, the exports of paperboard declined a little, but this decline is not significant, and instead of indicating that foreign markets are unsatisfactory it indicates that the domestic market has been better. In fact, there is no doubt that sales of paperboard in Canada this year will show an increase as compared with 1927, due to the improved business conditions throughout the Dominion.

Not Dependent on Exports

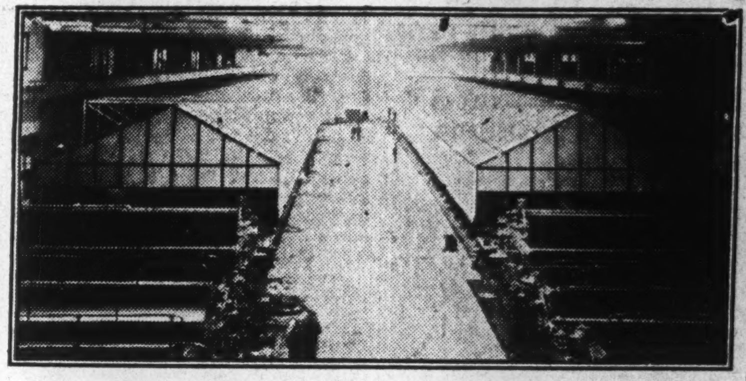
The cardboard companies, in any event, are not dependent for earnings on exports. Canadian paperboard is not sold in the U.S. market, owing to the high tariff walls, and what is exported moves overseas. As far as the investor in any of the paperboard companies is concerned, it is the state of the domestic market for paperboard which affects the value of his holdings. Canada imports no inconsiderable quantity of paperboard; these imports provide competition for the domestic mills.

The long view of the industry's future appears to be bright. The immediate future prospects also seem excellent.

Some indication of what the future may hold for the Canadian paperboard producers may be judg- d by the fact that the Canadian per apita consumption of paperboard is bout half that of the United States. urthermore, the general trend of nerchandising methods appears to e towards an increasing use of paperboard. To-day, public sentiment demands neatly packed goods in sanitary containers, and the posiion of the industry may be judged rom the fact that the combined consumption in Canada and the United States is nearly equal to that of newsprint.

Owing to the nature of paperboard, or rather to the uses to which it is put, the market for the product naturally responds quickly to any betterment in trade conditions. With the Dominion as a whole looking forward to a decade of all-round growth, who can doubt that the future prospects of the paperboard producers is excellent. Elsewhere in this issue are to be found the production and export figures of the industry. These indicate that it is in a healthy position. A large proportion of the raw material used in the industry consists of waste paper.

Newsprint Machines Look Like Hothouses



The photograph, taken from the wet end of the machines in a newsprint mill, clearly shows how paper machine room efficiency is increased by the conservation of the heat from the steam cylinders over which the pulp passes on its route to the other end of the machine where it emerges as newsprint. The hoods over the machines have been installed on many of the newest machines; these were installed by William Hamilton, Limited. The hoods keep the machine room cool and dry.

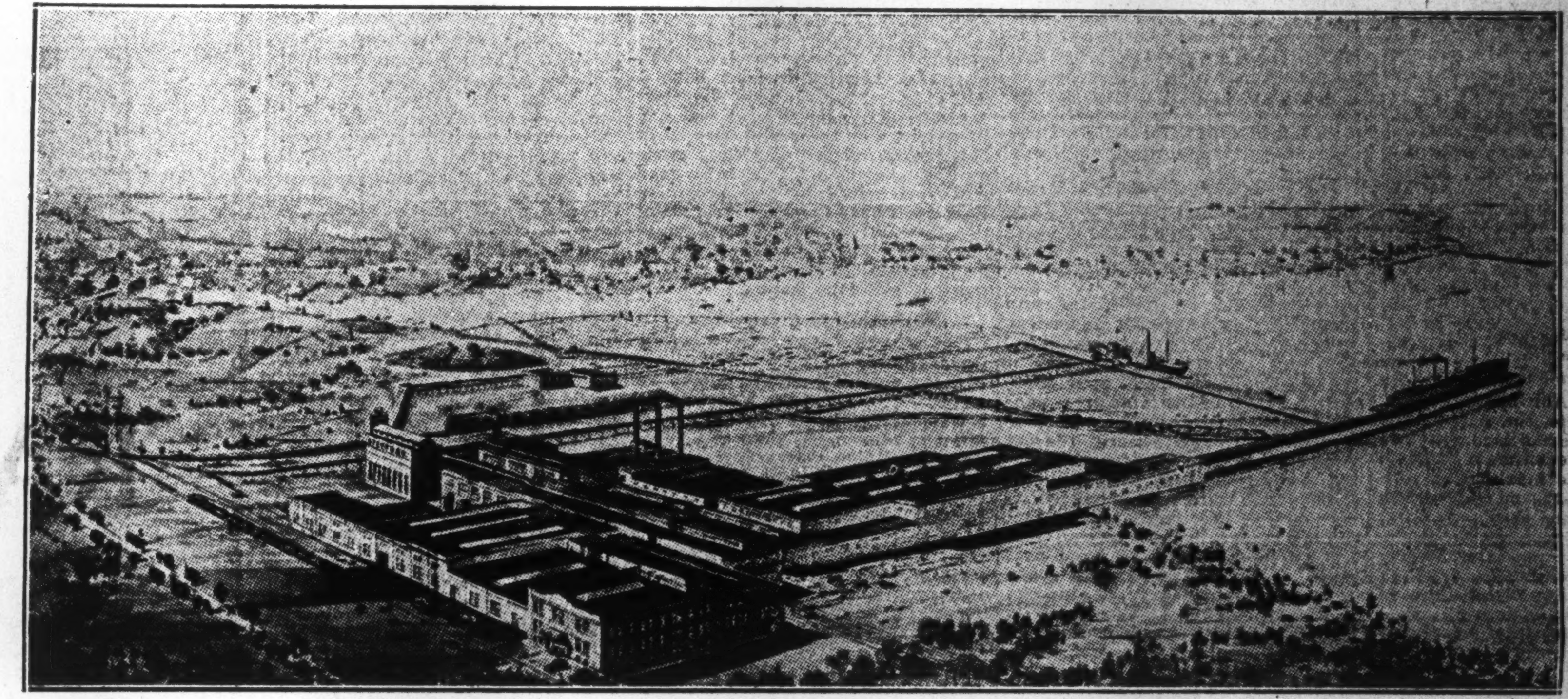
Continuous
Wood
Grinders

FIVE years ago the first experimental grinder was being built. Today 168 grinders are in operation producing over 25% of the groundwood pulp that is used in Canada for the manufacture of newsprint paper.

Abitibi Power & Paper Company, Ste. Anne Mill	12
Abitibi Power & Paper Company, Pine Falls Mill	10
Backus-Brooks Company, Kenora, Ont.	6
International Paper Company, Three Rivers, P.Q.	14
International Paper Company, Gatineau, P.Q.	24
International Paper Company of Newfoundland Ltd., Corner Brook	22
Port Alfred Pulp & Paper Co., Port Alfred, P.Q.	22
Price Brothers & Company, Kenogami, P.Q.	14
Price Brothers & Company, Riverbend, P.Q.	20
Spruce Falls Power & Paper Company, Kapuskasing, Ont.	16
Wayagamack Pulp & Paper Company	8
	168

Continuous Wood Grinder Co. Limited
Drummond Building
MONTREAL

MERSEY PAPER COMPANY
LIMITED



Photograph of architect's drawing of mill now under construction at Liverpool, N. S.

UTILIZING, for the first time, pulpwood and power resources in the province of Nova Scotia, for the manufacture of newsprint paper, the Mersey Paper Company is creating an industry which will add not only to the profitable economic development of the province's natural resources, but to its increased industrial wealth and purchasing power.

The mills of the Mersey Paper Company are admirably situated — adjacent to adequate and easily accessible wood supplies, with cheap and abundant hydro-power immediately at hand, and are in an exceptional position to cater to the Atlantic coast ports of the United States, New York as an example being less than 600 miles distant. The mills are located on an open harbour which permits shipment by water all the year round. This insures the lowest possible freight rates — much lower than those of mills shipping all rail.

The mills now under construction will have one 125 ton newsprint machine in operation November 1st, 1929, and the second machine, 125 tons, on January 1st, 1930.

LIVERPOOL, NOVA SCOTIA

Canada Always Leader in Paper Manufacturing

History of Pulp and Paper Industry Dates Back 127 Years—But Canadian Industry Always Pioneered in Adopting New Methods

One of the best reviews of the history and present position of the Canadian pulp and paper industry was written recently for the Paper Industry by Allen A. Lowe. In reviewing the progress of the industry, Mr. Lowe says in part:

Industrial romance is the phrase which describes the history of that lusty young giant, the Canadian paper industry. The beginning of the story of the art of paper-making is lost in the twilight of the dawn of civilization. The history of the paper business in the United States is a story covering nearly two and one-half centuries of gradual growth, commensurate with the expansion of the industrial structure of the country. But Canada's paper business is hardly a century and a quarter old. In itself, the growth of the industry to its present position in such an interval would be a marvel. But the phenomenal awakening of the youngster to his tremendous opportunities has come in the last quarter of a century. It is this awakening which forces into the story of a manufacturing industry—into the story of the paper business of Canada—a romantic quality.

Canada and the Canadian woods have breathed romance for generations. Canada's paper industry is not in any sense the offshoot of the papermaking business of the United States. The strength of Canada's papermaking structure lies in its woods and water power, and the romance of the industry is intermingled with, and grows out of the romance of that sister industry,—lumbering.

The very names of the builders of the industry in Canada tell of the foundation of a Canadian industry by Canadians—Fraser, MacLean, Logan, Price, Ford, Eddy, and Booth—only a few of the builders of the structure, but enough to give the savor of the families from the old country who have contributed brains and organizing ability to the development of Canada's most essentially national industry.

Inventors to Fore

Canadian inventors, in the days when wood as a source of raw material for paper was first being considered, conceived, at least independently of workers in Germany and the United States, and brought to a degree of perfection, some of the various processes by which wood is now being converted to pulp. Since that time, Canadian paper manufacturers have been fully abreast of the times in producing improvements in the art, while to-day the Canadian industry is disputing with the world for leadership in contributions to the advancement of the industry from the point of view of inventions and discoveries, mechanical and chemical, and also in the direction of organization—financial and industrial.

So, briefly, this is the story of the growth and position of the paper industry of Canada—romantic in its thoughts of communities created in the wilderness and thousands of horsepower harnessed—romantic in its thoughts of the vision and effort which has built, almost over-night, a structure which stands among the great industrial creations of the world.

It would be impossible to speak of the greatness of the Canadian paper industry without paying a definite tribute to that Canadian who may very reasonably be credited with having made its final tremendous progress possible. There are two Canadian products which are sold in markets which give full scope to the resources, brains and organizing ability of Canadians. Canadian grain is sold in the markets of the world. Canadian newsprint paper is sold in the markets of the world, as well, but in the most natural market for Canadian made products, the North American continent and particularly the United States, newsprint paper is the one product of Canadian material, power and manufacturing ability which competes on a basis of equality. Whatever may be the influence which to-day maintains the condition of free entry of newsprint into the United States, it is to this sole survival of Wilfrid Laurier's great thought of reciprocity that Canada owes much of the prosperity of its paper business.

The opening to Canada of the whole continental market has created in the paper business of the continent a homogeneity which transcends the natural organization into Canadian and United States groups. It is unnecessary to mention more than briefly the co-operation between the associations on both sides of the line; the numerous paper mill executives and operators trained in the United States who have joined Canadian organizations; the equally numerous Canadian born and trained paper men who now work in the United States. The most important contribution to the literature of the industry on the North American continent was the joint product of the two technical associations; and interchange of information, ideas and courtesies is unceasing.

First Paper Mills

It was in the Province of Quebec that the first paper mill in Canada was erected. Most writers on the subject speak of the mill erected at St. Andrews East, Quebec, on the River Rouge, and operated under the name of the Brown Paper Mills, as the first plant to make paper in Canada. The materials were rags and straw. There is also the story of the mill at Jaques Cartier, not far from the city of Quebec, which is said to have been first operated in August, 1800. A Mr. Jackson was the proprietor.

The mill at St. Andrews closed down in 1825 owing to the inability of its owner to renew the contract between himself and the seigneury of St. Andrews. In 1834, the Jaques Cartier mill passed into the hands of the firm of McDonald and Logan and later was operated in succession by Messrs. Peter Smith, Harper and Peter Ford.

It will indicate the character of the methods of operation of that time to quote a statement of a member of the well-known Ford family, Canadian papermakers, who says:

"Mr. Jackson in his time made handmade wrapping paper. Mr. McDonald also made handmade wrapping paper and newsprint and writing paper, and then put in a small cylinder machine to make the same papers. Afterwards, Peter Ford made straw and paste boards and straw wrapping paper. The stock was brought from Quebec and Montreal—in summer by boat and in the winter by sleighs. The paper was conveyed to market in the same way. Quebec is distant from Jaques Cartier 30 miles, and Montreal is 150 miles, so that carriage must have been quite an item."

The Jaques Cartier mills were in successful operation until 1857 when they were destroyed by fire.

A. H. Holland, about ten years later, projected a newspaper to be published in Halifax, and he furthermore decided that he would make his own newsprint. Accordingly, he erected in 1813 a paper mill in Bedford, N.S., near Moir's Mills. The paper from this mill was used in the first copy of the Acadian Recorder. This newsprint differed somewhat from that now produced as it was made wholly from rag stock.

The first mill in Upper Canada — Ontario—was built in 1820 at Ancaster. There seems to be no record of who built this mill.

From these beginnings, the paper industry grew until in 1827, Lower Canada — Quebec — had three mills. Fifteen years later, there is a record of Upper Canada having 14 mills. These mills were entirely rag or straw paper mills. The industry, like the companion group across the line, paused here awaiting the dawn of a new papermaking era.

Introduction of Wood Pulp

This came shortly after the middle of the nineteenth century with the introduction of wood as a raw material for paper. It took some time to get the users of paper—the printers and the public generally—accustomed to this new fangled idea. In fact, the head of one of the oldest papermaking companies now operating in Canada related that when in 1882 he joined the sales force of this company, it was difficult to get purchasers to take paper which had any wood pulp in it at all. Nevertheless, as soon as wood pulp processes were invented, mill after mill entered into the production of pulp, and of papers which were partly wood pulp, and the industry grew more rapidly.

The growth of the industrial structure in the United States and Canada, and the development of the production of paper from wood pulp, seem to be inextricably interwoven. This industrial structure is somewhat dependent on advertising, and advertising is somewhat dependent on the supply of inexpensive paper. This inexpensive paper comes from the wood pulp processes. It is interesting, therefore, to note that Canada, whose paper business is principally founded on production of the wood pulp paper, conceived at least independently, if not in strict priority, the first wood pulp processes.

It seems fair to concede that Charles Fenerty, who in 1844 wrote a letter to Messrs. Blachadar and English, of Halifax, inclosing a specimen of paper made from pulp secured from wood by means of "a chafing machine," had conducted an investigation independent of that of Gottfried Keller.

However, it was Keller's invention which progressed through the Voelter devices and the Curtis improvements to commercial use. Still, the first groundwood made in Canada was produced by Alexander Buntin at Valleyfield, P.Q., in 1866, and this was a year before it was made in the United States. The grinders came from Sweden. Production was about two tons per day; wood used was white maple in eight-inch lengths.

A chemical process for the manufacture of pulp from wood was devised by one John Thomson. As it was in 1864 that this gentleman made commercially at Windsor Mills, P.Q., a supply of chemical wood pulp which was made into "beautiful paper" at the mills in Sherbrooke, this may be said to have priority on the continent as the first process successfully to produce pulp and paper from wood.

The experiment which convinced John Thomson that he could make pulp from wood ended in the explosion of the boiler in which he was making the cook. It was only on examination of the fragments collected after the explosion, that Thomson found that he had at last secured a good quality of wood fibre, suitable for making into paper. Similar results were secured independently elsewhere, but the manufacture of the pulp in 1864 by Thomson and his associates, led the world in the production of paper from wood pulp as a commercial proposition.

The mill in which the experiment was made, which resulted in the exploded boiler, was in New Brunswick, but the mill at Windsor Mills, P.Q., in which the pulp was made for papermaking purposes, was the forerunner of the Canada Paper Company. At that time, 1864, the Messrs. Angus Logan and Company owned the property. They gave Mr. Thomson an interest in the business, and he remained with them for several years. Later, however, he embarked on an extensive mill building career. He built mills at St. John, N.B., Kingsey Falls, P.Q., Georgetown, Ont., Newburgh, Ont., Napanee, Ont., and he might very reasonably be termed the father of the woodpulp and paper business in Canada.

The introduction of wood pulp did not necessarily sweep the rag papers from the field, as has been indicated before. Nor is there to-day any lack of demand for a fine rag paper such as the Rolland Paper Company began to make in 1882 in their mill on the North River at St. Jerome, P.Q. In 1912, this company took over the Northern Mills Company at Mount Rolland, P.Q. A number of other firms are producing bond, writing and book papers, and there is a lively inquiry for Canada's high grade product for export.

The introduction of the sulphite process into Canada came in 1885, when Mr. Charles Riordan built a mill at Merritton, Ontario. His first digester had a capacity of two and three-quarters tons, and was built in Austria. Kraft was first made at East Angus, P.Q., in 1908, in a mill now owned by the Brompton Pulp and Paper Company, and about this time W. W. Woodruff organized the Lincoln Paper Company for the manufacture of high grade manila wrapper and rope manila.

Beginning of a New Era

The above account reviews briefly the beginning of the paper business in Canada. The condition of the industry about the period of 1880 to 1900 is well summed up by Mr. Howard Smith, now the head of a large Canadian fine paper manufacturing organization, in an article published several years ago. He says: "In those days, the demand for paper was extremely limited, and a great deal of what was used was imported. The mills in Canada were small and not very profitable. With the final solving of the problems of using wood in the manufacture of paper, and the establishment of the E. B. Eddy Company's mill at Hull, I think may be recorded the first genuine advance in the paper industry. I well remember that when the Eddy mill was started, the rest of us felt there would be no place in the paper trade for anybody else."

It is interesting to speculate on the subject of how much Canada owes the ultimate development of its extensive newsprint manufacturing industry to that leader in other industrial lines, Sir William Van Horne. In 1887, a Mr. John Forman built at Grand Mere, P. Q., a large groundwood pulp mill. As the ownership of the site of the mills passed from one hand to another, there came into existence a newsprint paper mill and a sulphite mill, all of which was finally known as the Laurentide Company. This company was the first in Canada to devote itself exclusively to the manufacture of newsprint paper. Up to 1902, however, the proposition could hardly be judged a financial success.

In the course of changes in controlling interest, Sir William Van Horne came into financial contact with the company's affairs. It was apparent to him that the trouble with the company lay in its management, and he sought for an experienced paper mill operating manager who might have some chance of bringing the affairs of the company into order, if indeed, it was profitable to manufacture newsprint paper in Canada at all. That it was not at that time necessarily considered profitable was evidenced by the following quotations from the Pulp and Paper Magazine of Canada in numbers published about this time.

One official of the International Paper Company wrote in May, 1903, "The United States today is making more paper than it requires, and Canada is likewise. Therefore, the development of the industry must be very gradual, or it will bring disaster to the vast capital already invested in it. Efforts of promoters to induce capital to locate mills in Canada regardless of the demand for the product, or the competition already existing, and in ignorance of other conditions in the industry, can but unfavorably affect Canada's industrial prospects."

A pulp dealer writing in the Pulp and Paper Magazine in June, 1903 says, "There is much talk of papermaking in Canada, but the difficulties that attend the manufacture of paper in an out-of-the-way place are not understood, or they would never be contemplated for a moment. . . . In ventures of this sort, we should strongly urge that anybody desiring to go into the paper trade should make his pulp in Canada and his paper in England."

However, the Laurentide Company had paper machines already installed and Sir William Van Horne believed that they could be made profitable. He secured from the ranks of the International Paper Company's executives a mill operating manager. In a few years, the company had paid dividends in cash and then in stock. This proved that it was possible for a Canadian company to engage profitably in the manufacture of newsprint alone, without other supporting or subsidiary interests such as lumber or other forest products. Had Sir William failed to analyze so accurately the possibilities of the newsprint manufacturing business, or had he failed to select so capable an agent as operating manager, the growth of the paper business in Canada might have been put off for years.

Two Major Factors

At any rate, the Belgo-Canadian Paper Company, J. R. Booth's paper mill, Price Brothers' mills at Kenogami, The Brompton Pulp and Paper Company's newsprint mill at East Angus, the Spanish River mills at Espanola and Sturgeon Falls, and the mill at the Soo, sprang into being in quick succession on Laurentide's demonstration that newsprint paper was a money making industry for Canada. The existence of this group of manufacturers, in addition to the E. B. Eddy Company's newsprint interests, and those of other paper companies, which had begun to make newsprint on machines built for other purposes, enabled the Canadian paper business to profit by the situation left by Laurier's attempt to effect reciprocity with the United States. The United States publishers were quick to take advantage of the idea of free entry of newsprint into the United States and this alone survived after the battle in the election of 1911 in Canada. Beginning about this time, Canadian newsprint went into the neighboring country without duty.

Another factor which contributed largely to the growth of the newsprint industry in Canada was the prohibition of the export of pulpwood cut on crown lands. Crown lands are lands owned by the various provinces, which in turn lease to paper manufacturing companies the right to cut timber at so much per stump. This constitutes the most important supply of pulpwood in the country and its cheapness, as compared with the investment necessary to hold the title to the pulpwood growing lands, is so great that now, and in fact in 1925, as the first year Canada produced more newsprint paper than does the United States, and the increase in Canada's margin of production over the United States production has grown larger in every month of 1926.

Growth and Changes

The increase in newsprint production in Canada has come from the erection in desirable locations of a number of manufacturing units. There is a tendency on the part of these units to combine for purposes of securing economies in manufacturing, purchasing, sales and administration. Among these combinations the most prominent are the Spanish River group formed from the companies which originally operated at Espanola, Sault Sainte Marie, and Sturgeon Falls; the St. Maurice Valley Corporation, a combination of the St. Maurice Paper Company, the Belgo Canadian, Donnaconna, Port Alfred, and Canada Paper; and the Abitibi Power and Paper Corporation which is expanding through absorption of other units.

In the fine paper field the Lincoln Paper Mills, the Howard Smith Paper Company, and the Provincial Paper Mills are combinations, each of which has resulted from the logical grouping of similar interests in one corporate body.

Western Situation

While all kinds of paper were manufactured in the East, from the very beginning of papermaking in Canada, it needed the coming of newsprint making to start activity in the West. The beginning of the paper industry in the Province of British Columbia was first made in 1909. In spite of the lateness of the start, the industry in that province has grown by leaps and bounds, and now takes third place in provincial rank of producers of pulp and paper. Manitoba is also making a beginning, and the prairie provinces hope to come into the field through processes for the utilization of straw for the manufacture of newsprint.

1914 saw the inception of the

(Continued on page 51)

Better U.S. Business May Improve Position of Newsprint Mills

MONTREAL. — Some betterment in the newsprint demand in the United States during 1929 might be expected in view of the favorable trend of business indices in that country. Brookmire and other economic services across the line report that business activities remain at a high level in spite of a drop in building and construction and car loadings.

It will be recalled that a year ago business conditions in the United States suffered a sharp reaction all along the line. At the moment, business there is exhibiting an unusual stability indicative of better times in 1929, but there is no indication of anything approaching a boom. Department stores, ordinarily heavy advertisers, report that trade has been slightly lower than at any time since 1922, although this is heavily offset by the increased sales of the two leading mail order houses which are now operating in the chain-department-store field. Retail trade reflects the stability of payrolls at a moderately high level, and the large dividends and speculative profits which have been available.

Outlook Is Promising

Major activities, such as steel production, motor car output and export trade, continue to be strong and are sustaining factors in the general business situation. The small decline in car loadings has no apparent significance, while the recession in building contracts is not serious. All in all, though, it can be said that the outlook for better business in the U. S. is very promising.

While many of those engaged in the newsprint industry feel that the next six months will not witness any material improvement in the industry in which they are engaged, yet from the foregoing it can be seen that undoubtedly there exists a good chance of a betterment in the demand for newsprint paper. If business in the States improves, advertisers will immediately increase the amount of space which they use in the dailies with the resulting increase in the size of the paper and a resulting betterment to the producers in Canada.

Operations Larger in 1929

The few newsprint men who are optimistic on the immediate future outlook for the industry say that during the next year the mills will in all likelihood operate at about 86 per cent. of their rated capacity. But even the more optimistic newsprint men admit that some of the older and higher cost plants may in the meantime experience very thin times.

Two years ago virtually all the newsprint producers realized that the industry was moving rapidly toward over expansion. The result today is that virtually all the mills are operating on a much lower cost basis. Hence, earnings for 1928 will be lower than in 1927—but not as low as might have been anticipated.

During the past few years also the backers of new newsprint projects realized that they would have to meet with keen competition this year. The result has been that the newer newsprint mills are virtually all very low cost producers. Or, in other words, the new mills are virtually all well equipped to pass through the present and not unanticipated thin times.

During the first six months of 1928 the mills operated on an average of just over 80 per cent. of their rated capacities. And they all made money. But the industry as a whole would make more money if the demand were evenly distributed between the mills. As it now stands, some mills are operating at capacity—even over capacity—while others are operating between 60 and 70 per cent.

Attempts have been made to bring the mills to an understanding to permit a pro rata distribution of the orders amongst all the producers. But up to the present these attempts have failed.

One of the reasons why the mills have not been able to get together is due to the fact that it is virtually impossible to place a definite figure on the maximum capacity of each of the plants. Executives have not been able to agree on the ratings of the individual units in the industry. The executives of the various companies are perhaps prone to over estimate the potential capacities of their plants. However, further attempts to bring the mills to an understanding are being made.

If it were possible to distribute evenly through all the mills the total orders now coming to Canada, it is obvious that with reduced operating costs which the industry as a whole has effected, average earnings would increase materially.

Canada Power & Paper Corporation

5½% Gold Debentures

Due January 1st, 1958

The rise of the Canadian newsprint industry to leadership in the world's production is based upon sound economic principles. It is the natural result of low-cost wood, cheap power and a growing market close at hand. The manufacture of the finished article has given employment to many and has added greatly to Canada's wealth.

• • • • • •

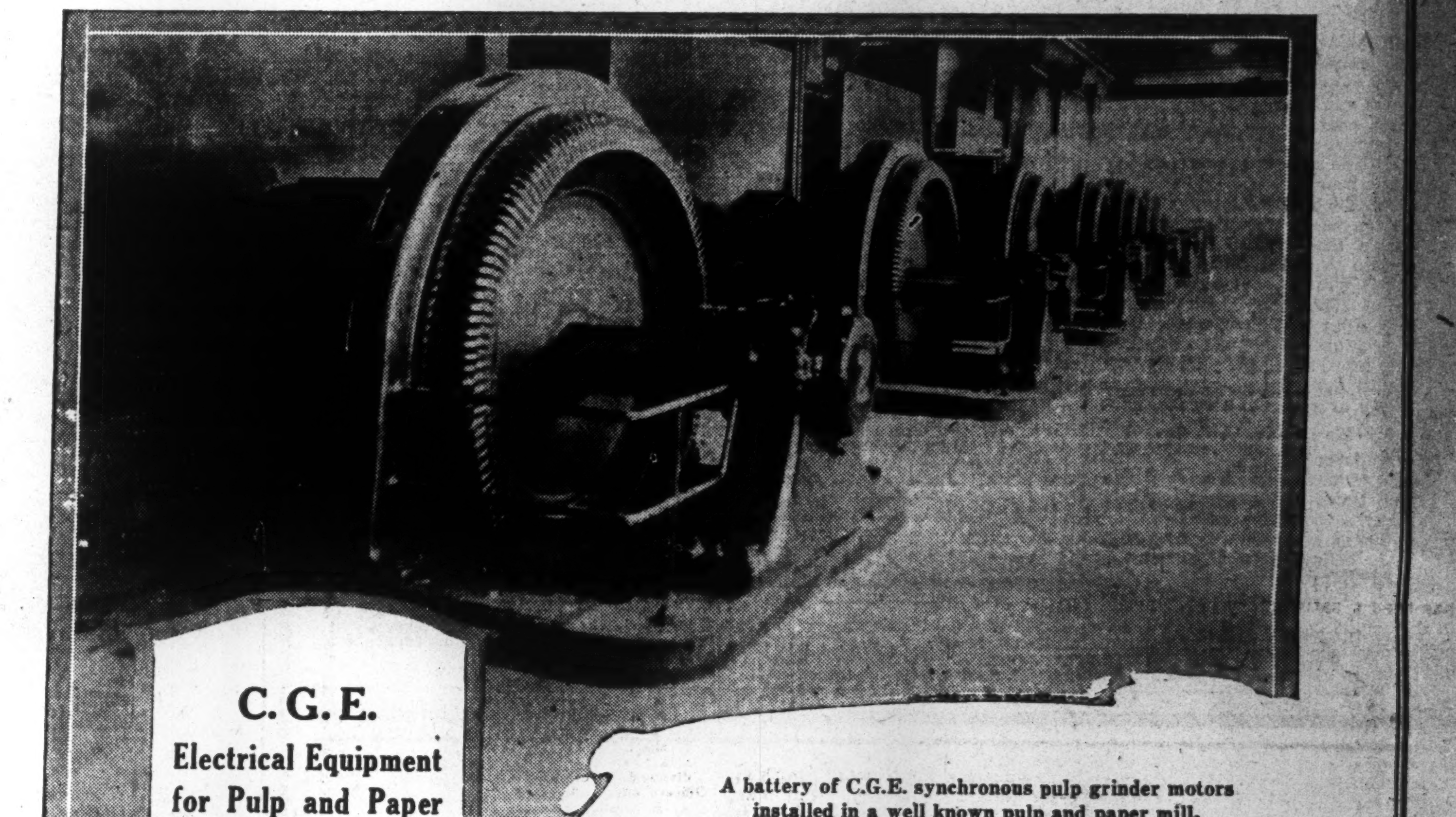
Canada Power & Paper Corporation is in very strong liquid position, net working capital being in excess of $26,000,000. Each unit has had the advantage of many years successful operation. The Corporation controls pulpwood areas sufficient for a practically perpetual supply of raw material at full rated capacity. Adequate hydro-electric and hydraulic power is assured through long-term and favourable contracts.

Price: At the market, to yield about 6%

Fully descriptive circular will be furnished upon request.

36 King Street West
Toronto
Telephone: ELgin 4321

Wood, Gundy & Company
Limited



C. G. E.
Electrical Equipment for Pulp and Paper Mills includes:

Generators
Steam Turbines
Switchboards
Circuit Breakers
Lightning Arresters
Transformers
Synchronous Motors
Induction Motors
Paper Machine Drives
Industrial Control
Automatic Equipment
Electric Steam Generators
Motor-Generators
Electric Locomotives
Capacitors
Arc Welding Equipment
Industrial Lighting
Wire and Cable
Edison Mazda Lamps

A battery of C.G.E. synchronous pulp grinder motors installed in a well known pulp and paper mill.

A Complete Electrical Service to the Pulp and Paper Industry

ELECTRICAL equipment manufactured by C.G.E. is found from coast to coast in pulp and paper mills, increasing the scope of production, reducing hand labour and making operation safer, cleaner and more efficient.

Canadian General Electric with modern well equipped factories, staffs of trained engineers and backed by over thirty-seven years of experience, enjoys the distinction of having pioneered many of the electrical developments in the Pulp and Paper Industry, always endeavouring to keep well in advance of requirements.

This complete service is available through your nearest C.G.E. office.

28-Ae-3

CANADIAN GENERAL ELECTRIC Co. Limited
HEAD OFFICE TORONTO, SALES OFFICES IN ALL PRINCIPAL CITIES

Newsprint Industry Situation

Approximate* Daily Capacities of Mills

	Tons Per Day
Abitibi	2,200
Anglo Canadian	200
Bathurst	70
Beaver	70
J. R. Booth	160
Brompton	230
Canada Power	1,200
Canadian International	1,200
Donnacona	230
E. B. Eddy	160
Ft. Frances	165
Great Lakes	125
Kenora	220
Lake St. John	220
News	35
Ontario	320
Pacific	240
Port Alfred	400
Powell River	500
Price Brothers	740
St. Lawrence	300
Spruce Falls	550
Thunder Bay	250
Wayagamack	150
Daily Capacity of Mills	9,935

*Machines with a capacity of some 160 tons daily have recently been switched over to the production of other grades of paper.

Newfoundland Mills	685
Mexican Mills	50
United States Mills	5,500
Capacity of North American Mills	16,170
Production in August (Approximate)	13,000
Approximate Surplus Capacity	3,170
	(Approximately 20 per cent.)

Projected Increases In Tonnage

New Tonnage	Tons	Scheduled
Canadian International	500	1929-30
Great Lakes	125	1929
Mersey	250	1929
St. Lawrence	150	1929
St. Lawrence	150	1930
Bathurst	75	1929
Price Bros.	200	1929
	1,450	

Howard Smith Paper

Depends on Domestic Market for Profits—Long Pull Outlook Satisfactory—Profits and Plants Larger

A few months ago, the Howard Smith Paper Mills changed hands. The market's valuation of the outstanding securities of the present company is now materially in excess of the figure at which the predecessor company changed hands only a few months ago.

While the market undoubtedly now places a higher valuation on the property, it can be said that there has been a satisfactory development in the company's business which consists solely of the manufacture of high-grade paper. Better business conditions in Canada have increased the demand for fine paper each year; in addition, Howard Smith has just increased the capacity of its plant by installing a new 154 inch machine which increases its paper capacity by 8,400 tons of fine paper per annum.

The company produces a wide range of high grade papers of all kinds which are sold largely in Canada, although an export business is conducted with Great Britain, South Africa, New Zealand, Australia, South America and other countries. But Howard Smith relies more on its export business to keep its plants operating at capacity rather than for profits. Due to the high tariff wall in the States, Howard Smith, like the other fine paper manufacturers in the Dominion, cannot find an outlet in what would be its natural market. At the moment, this has a satisfactory bearing on its operations, for it means that Howard Smith is unaffected by the unsatisfactory conditions which prevail in the manufacture of newsprint, its sister industry.

Now Large Producer

The company came into being as a manufacturer of fine paper in 1912 with a capacity of 2,000 tons a year. Through extensions and the purchase of other property it is now one of the largest fine paper producers in Canada with an annual capacity for sale of some 39,000 tons of paper.

In addition, the company controls a recently completed plant for the manufacture of bleached soda pulp with a rated capacity of 15,000 tons per annum and capable of being increased at small cost to 22,500 tons.

The soda pulp producing subsidiary is known as the Canadian Cellulose. Its plants are adjacent to the Howard Smith plants at Cornwall. The soda pulp mill can use poplar wood as a raw material. Howard Smith obtains this wood at low cost.

The Howard Smith properties consist of a plant at Cornwall on the St. Lawrence which has the advantage of cheap water transportation. The soda pulp subsidiary is operated as an integral part of the Cornwall mill. The capacity of the Cornwall plant has just been brought up to 24,000 tons a year.

Other Large Properties

At Beauharnois there is a mill with a rated capacity of 4,500 tons a year. At Crabtree Mills, P.Q., 30 miles from Montreal, is a complementary groundwood mill with a capacity of 10,000 tons of paper per annum. At Gaspé, P.Q., the company owns a wood handling plant situated to handle its timber areas and to ship by water direct to the Cornwall mill. The company owns water powers with a developed capacity of 2,500 horsepower, capable of being increased to 6,900 horsepower.

The pulpwood areas are estimated to contain over 3,000,000 cords of pulpwood. This compares with present annual requirements of some 50,000 cords. With a view to conserving its own limits, Howard Smith has steadily followed the policy of purchasing annually a substantial proportion of its pulpwood requirements. While no immediate steps will be taken to expand ~~the capacity~~ the capacity of the subsidiary soda pulp plant, next year may witness the further development of this undertaking

New Machine Produces

The latest machine to be installed by the company has been in operation for two or three months and has reached its rated capacity of 40 tons daily. During this year, the profits available for depreciation and interest charges show a handsome increase over 1927.

The new machine which went into operation recently, has increased the output by almost 30 per cent. Obviously, with its larger output, Howard Smith's earnings during the last half of the year should show an increasing larger margin over the profits of a year ago.

The outlook for Howard Smith appears to be satisfactory. While many of the fine paper producers have increased their output, yet the lines which are being produced are those which have hitherto been imported.

Earnings In Past Years

Earnings of Howard Smith available for bond interest and depreciation went over the $1,000,000 mark in 1920. The boom year was followed by a slump in which the profits dropped off to just over the $600,000 mark. Since then they have increased every year except in 1924; the current year's operations should witness net profits larger than those experienced during the height of the post war boom.

Howard Smith common shares are in the business man's long hold class. Despite the not too attractive record in recent years of the common shares of the predecessor company, the present common stock is attractive if viewed as a long hold only due to the expectation that Canada has some years of business development ahead of her. Such a development must bring in its train an increasing demand for papers such as are manufactured by Howard Smith. If the Dominion does not make progress, the common stock will probably languish at around its present level. The good crops which the west garnered this year is a factor obviously tending to increase the demand for fine paper in Canada. This has a bearing marketwise, of course, on the future of Howard Smith.

Capitalization—	Authorized	Outstanding
Common (n.p.v.)	300,000 shs.	200,000 shs.
Pref. 6% cum. ($100 par).	$7,500,000	‡$4,500,000

Company re-capitalized in May, 1928. The old 8% preferred, $2,500,000 outstanding, was redeemed at 120; the outstanding common stock was purchased by Holt, Gundy & Co., investment bankers, at $150 per share. Holders of common stock were offered the alternative of $150 cash, or $100 in cash and 2 new common shares.

‡Original offering carried bonus of 1/5 share of common with each preferred.

Funded Debt—

5½% first mortgage sinking fund bonds, series "A," due 1953; issued $7,000,000.

Dividend Record—

Preferred—6% per annum, payable quarterly, cumulative from June 1, 1928. On 8% pref. of company acquired, initial dividen paid April, 1920, and quarterly thereafter. On preferred stock of predecessor company, 7% in 1916, covering the year 1914; 12¼%, Dec., 1916, covering accrued dividends to Sept., 1916; 1¾% paid Jan., 1917, and quarterly to Jan., 1920, when stock was changed.

Common—None paid. On common stock of company acquired 1¼% paid April, 1920; 2% quarterly from July, 1920 to Jan., 1922; 1½% quarterly to April, 1924; 1% July 1924; none thereafter. On stock of predecessor company, initial dividend of 2% paid Aug., 1917; 2% Nov., 1917 and Feb., 1918; none thereafter, until company re-organized in 1920.

Officers and Directors—

C. Howard Smith, pres.; Harold Crabtree, man. dir.; J. W. Pyke, vice-pres.; J. A. Cameron, vice-pres.; Geo. Cahoon, Jr.; E. R. Decary; Sir Herbert S. Holt; Howard Murray; Geo. M. McKee; W. D. Robb, Montreal; W. E. Wilder; J. H. Gundy, Toronto.

Market Record—

	Common		Preferred	
	High	Low	High	Low
1916	80	80	...	...
1917	74½	65	...	...
1918	66	65	80	65
1919	151	65	99½	78
1920	165	145	...	...
	New			
1920	167	74¾	107½	91
1921	110	53	32¼	64
1922	85	60	102	83
1923	83½	61¼	108	97
1924	75	21¾	100	68
1925	47	22	106	69½
1926	67	38	106	92¾
1927	75	59	117½	103½
1928§	165	71	119	115
	New Company			
1928‡	28½	19	98	91

§ To June 18.
‡ July 5 to Sept. 18.

INCOME AND SURPLUS ACCOUNT, YEARS ENDING DEC. 31

	1927	1926	1925	1924	1923	1922
Earnings	$935,525	$847,413	$742,762	$717,927	$767,377	$691,371
Add Other Income	10,871	7,936	9,675	9 648	5,430	2,169
Total	946,396	855,349	752,437	727,575	772,807	693,540
Less: Bond Interest	312,051	345,677	349,298	329,532	269,960	197,941
Depreciation	150,000	100,000	100,000	100,000	60,288	95,492
Written off	......	......	......	......	......	24,995
General Interest	20,350	......	......	......	......	......
Net Profits	463,995	409,672	303,139	298,043	442,559	375,112
Less Appropriations:--						
Preferred Dividends	136,708	127,976	127,976	120,000	120,000	120,000
Common Dividends	......	......	......	92,342	221 622	220,720
Contingent Funds	......	......	......	......	38,823	90,025
Sink. Fund Reserve	......	......	......	......	78,180	......
Surplus for Year	327,287	281,696	175,163	85,701	†16,066	†55,633
Add Previous Surplus	*136,859	*5,163	......	......	16,066	71,699
Balance Carried Forward	$464,145	$286,859	$175,163	$85,701	......	$16,066

† Deficit. * $150,000 of 1926 surplus, $170,000 of 1925 surplus transferred to depreciation.

	1927	1926	1925	1924	1923	1922
Times Interest Earned	3.03	2.18	1.87	1.90	2.42	3.02
Dividend Record and Earnings on Capital Stock—						
Preferred Earned	18.52%	25.60%	18.95%	19.87%	29.50%	26.67%
Paid	8	8	8	8	8	8
Common Earned	$8.86	$7.62	$4.74	$4.82	$8.73	$7.58
Paid	..	..	..	2½	6	6½

Bathurst Power

Long Hold Stock Only For a Business Man—Assets Large

The Bathurst Power and Paper Company was formed early in 1928 and acquired the predecessor organization which had a successful record of many years standing. The company owns a newsprint and pulp mill at Bathurst, N.B., with a daily capacity of 65 tons of newsprint paper, 75 tons of kraft pulp and 65 tons of sulphite pulp.

When the Bathurst A shares were first offered with their bonus of B stock, it was intended to instal a second newsprint machine which would increase the newsprint output to 130 tons of newsprint a day by last July, but the installation of the second newsprint machine at the plant was held up pending the decision of the courts on the amount the company has annuelly to pay the municipality in taxes. But the new machinery required to double the newsprint output has been delivered at the plant and no doubt its installation and operation will commence comparatively shortly, unless the unsatisfactory situation prevailing in the newsprint market prevents its operation.

Bills have passed the New Brunswick legislature which reveal the fact that it is apparently the intention of the Bathurst Power and Paper Company within the next two years to spend half a million dollars on developing the power resources of the company.

The bills which have received the sanction of the Provincial Government provide that the company should begin work on the undertaking before March next and allows it two years in which to complete the power project.

Apparently some 40,000 horsepower will be developed on the Nepisiquit River. Doubtless the completion of this project would reduce Bathurst's operating costs. The potential resources of the company's power sites amount to 50,000 h.p. of which there is already installed 10,000 h.p.

The company has extensive timber limits in New Brunswick and Quebec covering 2,625 sq. miles. These limits are estimated to contain over 18,000,000 cords of pulpwood.

The situation which exists in the newsprint market at the present time has exactly the same bearing on the outlook for the future of Bathurst Power as on every other newsprint undertaking. Bathurst has undoubtedly very large assets and very valuable assets, but due to the over-expansion in the newsprint industry it may be some time before it can realize in earnings a revenue comparable to its investment in timber lands and power sites. The shares are, therefore, only in the long hold business man's class.

It is understood that control of the company's outstanding stock lies with the International Paper Company. The parent company directs the operation of its subsidiary. In the purchase of Bathurst shares the investor is in reality speculating in Bathurst's extensive timber and power resources which when compared to the resources of other small mills is undoubtedly large.

Capitalization—	Authorized	Issued
Common (n.p.v.)		
*Class A	750,000 shs.	400,000 shs.
Class B	500,000 shs.	300,000 shs.

*Originally offered with bonus of 4 shares of Class B stock with each Class A share. 200,000 Class A shares and 150,000 Class B shares are owned by the Canadian International Paper Co.

Funded Debt—None.

Dividends—

Class A—$2 per annum in preference to Class B. Any dividends earned beyond the $2 are distributed equally with Class B, share for share, but Class A is limited to a total of $4 per annum, all additional dividends being paid to Class B.

Officers and Directors—

A. R. Graustein, pres., New York; A. E. McLean, vice-pres.; Gen. J. B. White, vice-pres.; G. H. Montgomery, K.C.; A. J. Nesbitt; P. A. Thomson; J. B. Woodyatt; Montreal; N. C. Head, New York; H. J. Webb, treas.; G. A. Schryer, asst.-treas.; S. B. Bond, sec.

Income and Surplus Account (Bathurst Co.)
(Years ending December 31)

	1926	1925	1924
Operating profit	$853,437	$854,032	$526,988
Less:			
Int. charges	263,307	286,922	313,029
Depreciation	463,646	460,544	215,739
Depletion	51,985	86,808	......
Income tax	6,308	3,500	......
Net profit	$68,191	$16,158	*$1,780

*Loss.

PAPER PROJECT IN NOVA SCOTIA ON FIRM BASIS

Newsprint Mill Follows Economic Trend—Has Able Management

The erection of a newsprint mill in Nova Scotia by the Mersey Paper Company has been enthusiastically received by the people of the province who have been waiting for such a development since 1911 when the possibilities of such an undertaking were first realized. There is apparently little doubt that even before the war a newsprint mill in that province was an economic possibility.

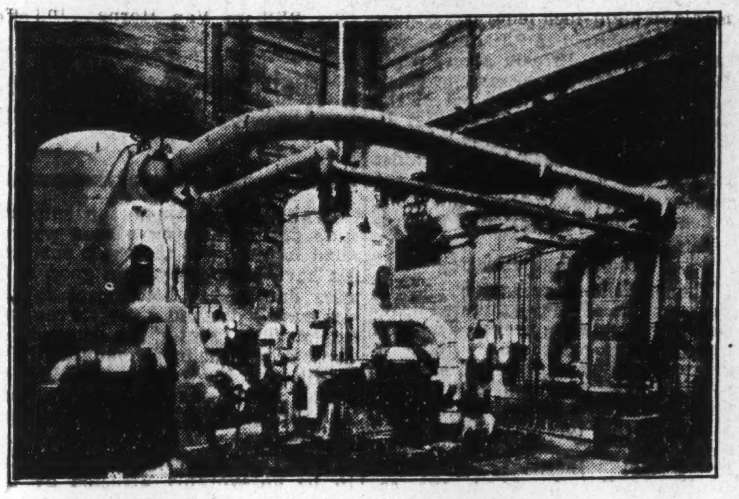
The new Mersey Paper plant site is located on deep water 600 miles from New York, the largest paper consuming centre of the world and the chief market for newsprint in the United States. In addition, the output of the new mill could be shipped by water to points on the Gulf of Mexico at a cost less than the rail rate paid by inland mills which sell only as far south as New York.

The pulpwood export figures of Nova Scotia appear to demonstrate clearly that the development of the present mill project simply follows along sound economic lines. Without including the timber lands held by the new company, Crown lands or most of the timber leases, the exports of pulpwood from other forests in Nova Scotia is running at the rate of 200,000 cords a year—an amount which would meet the annual wood requirements of a 500 ton mill.

The new Mersey Paper Company begins its career under the guidance of those who have made successes in the paper industry in the past. The president is Colonel C. H. L. Jones, who has been actively engaged in the pulp and paper industry since 1901. He is the executive head of the new undertaking.

Col. Jones in the past has been associated as a director, manager or vice-president of these pulp and paper companies: Spanish River, Manitoba Paper, Fort William Paper, Lake Superior Paper, and the Sault St. Marie Pulp and Paper He is also the president of the Canadian Pulp and Paper Association, a position which indicates clearly his standing in the industry. In addition, he has been associated with, and has been a director of a number of power companies including the Kaministiquia Power.

Electricity Makes Steam



—Photo by the Canadian Comstock Company

The photograph shows the new electric steam boilers recently installed in the new plant of the Spruce Falls Power and Paper Company. Each boiler uses 30,000 kilowatts.

Wayagamack Pulp

(Subsidiary of Wayagamack Pulp)

Capitalization—	Authorized	Outstanding
Common	2,000 shs.	2,000 shs.

No par value. (All owned by Wayagamack Pulp & Paper Co.).

Funded Debt—

5%, 15-year guaranteed debenture stock. Authorized and issued £425,000. All guaranteed by parent company.

6½% 15-year second or general mortgage bonds—Authorized and issued, $1,500,000. The entire issue is deposited as security for the 6½% general mortgage and collateral trust bonds of that company.

Quinte & Trent Valley Power Co.

(Subsidiary of Canadian Paperboard)

Capitalization—	Authorized	Issued
Common (n.p.v.)	10,000 shs.	5,000 shs.
Pref., 7% cum. ($100 par)	$500,000	$325,000

(All owned by Canadian Paperboard Co.)

Funded Debt—

6% first mortgage, sinking fund bonds, series A, due 1955; authorized $1,000,000, issued $400,000.

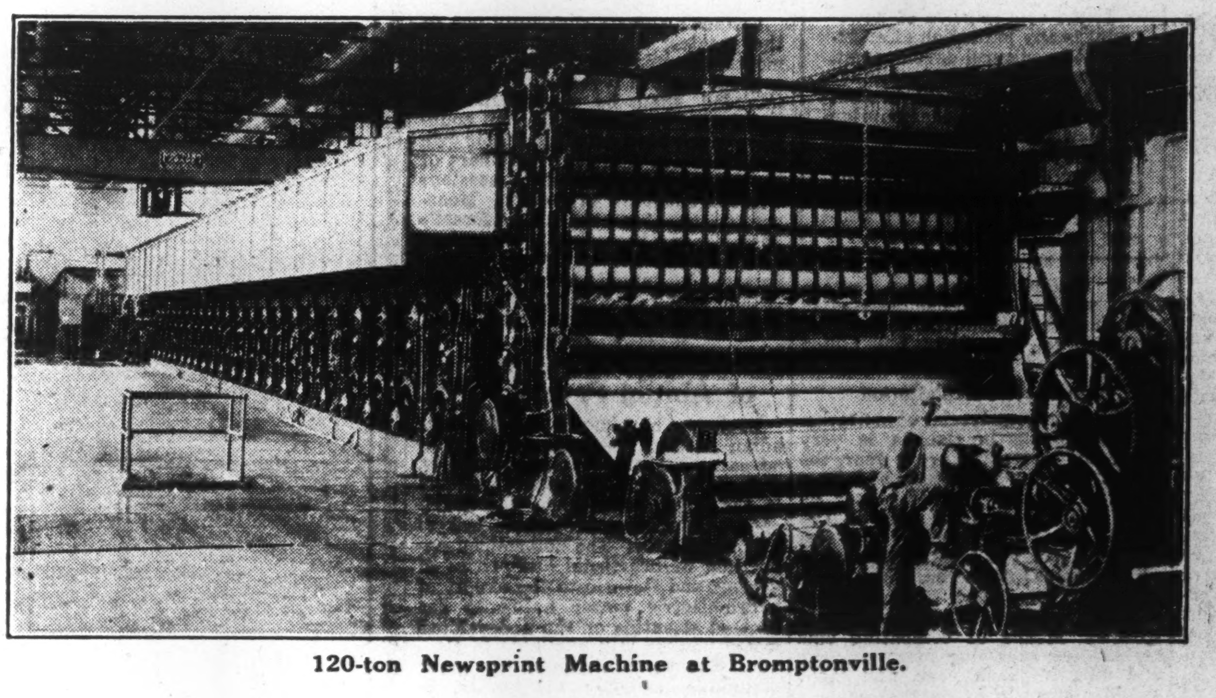
Great West Paper Mills Co.

Funded Debt—

7% first mortgage sinking fund bonds; issued $25,000.

Officer—

J. Chas. Wood, pres.



120-ton Newsprint Machine at Bromptonville.

BROMPTON

Newsprint Paper : Kraft Paper : Fibre Paper
Container Boards : Pulp Boards
Groundwood Pulp

"Brompton Products are made to sustain a reputation"

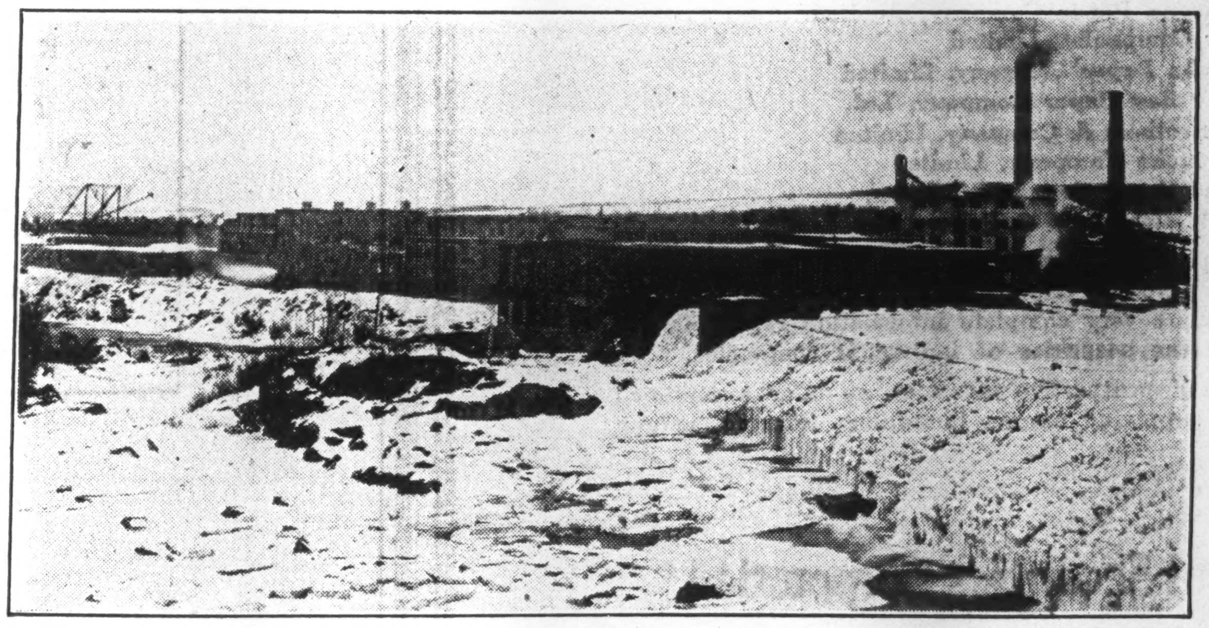
Claremont Paper Co.
INCORPORATED
Mills at:
CLAREMONT, - - NEW HAMPSHIRE
BELLOWS FALLS, - - VERMONT
Sales Dept.: AEOLIAN BUILDING, NEW YORK
Claremont Kraft for Bags, Envelopes and Wrapping

Dominion Lime Co.
Head Office: EAST ANGUS, QUE.
Quarry and Kilns: LIME RIDGE, QUE.
Daily Capacity:
Lump Lime 100 Tons
Hydrated Lime 75 "
Pulverized Limestone 125 "

Mills and Executive Offices:
East Angus, Que.

Sales Department:
Drummond Bldg., Montreal

PULP & PAPER



Exterior View of the New Newsprint Mill at Bromptonville.

Canada Dominates World in Newsprint Production

The current scale of newsprint production in Canada is running at figures very close to twice that of the United States and the output of the two countries will tend in future to grow farther and farther apart.

In 1927, though, Canada produced something under 50 per cent. more newsprint than the U.S. This indicates clearly how fast is the growth of newsprint manufacture, already the largest industry in the Dominion.

But both in production and in its exports, the Canadian industry stands far in front of any country in the world. The following figures supplied by the News Print Service Bureau show the world production figures of the industry; they reveal clearly the position occupied by the Canadian industry particularly in regard to world trade:

Country	Production	Imports	Exports	Balance at Home
Canada	2,087,000	——	1,882,000	205,000
United States	1,486,000	1,986,000	12,000	3,460,000
Great Britain	615,000	291,000	98,000	808,000
Germany	565,000	1,000	138,000	428,000
Sweden	239,000	4,000	192,000	51,000
Japan	246,000	13,000	32,000	227,000
Newfoundland	203,000	......	189,000	14,000
Finland	200,000	......	172,000	28,000
Norway	192,000	......	190,000	2,000
France	121,000	150,000	11,000	260,000
Netherlands	77,000	28,000	36,000	69,000
Italy	42,000	13,000	3,000	52,000
Belgium	50,000	......	7,000	53,000
Austria	55,000	......	36,000	19,000
Czechoslovakia	45,000	......	19,000	26,000
Russia	?	?	?	?
Spain	25,000	12,000	......	37,000
Estonia	21,000	......	18,000	3,000
Denmark	16,000	10,000	......	26,000
Poland	17,000	3,000	......	20,000
Mexico	14,000	......	......	14,000
Latvia	3,000	3,000	......	6,000
Total	6,319,000	2,524,000	3,035,000	5,808,000

HOLD UP TIMBER LIMITS DEPLETION BY REFORESTATION

Reseeding and Tree Planting Covering Up Denuded Areas

At what rate are Canada's forest resources being depleted? In meteoric manner the pulp and paper industry has risen to the Dominion's leading manufacturing activity in point of value of production, consuming increasing supplies of raw material each year. The export of unmanufactured wood in many forms is increasing each year as the demand from established markets grows and new ones are developed. All this means an increasing drain upon Canada's forest resources, which while immense, are by no means limitless or inexhaustible. An estimate of the total primary forest production of Canada for 1925 has been made by the Forest Products Branch of the Dominion Bureau of Statistics, this including all unmanufactured material cut in Canadian forests during the year, and disclosing the rate at which Canadian forest resources are being exploited.

Estimate Annual Depletion

An attempt has been made to estimate the extent to which Canada's forests are depleted annually in the process of exploiting these materials. For this purpose certain converting factors based on actual measurements have been used. Each of these factors represents in cubic feet the quantity of standing timber that must be cut in the forest in order to produce one unit of the material in question, based on the total cubic contents of the tree. By the use of these factors it has been estimated that Canada's total primary forest production in 1925 involved the cutting of 2,839,138,401 cubic feet of standing timber. This constitutes only the consumption for use, and to it must be added the volume of material destroyed by fire, insects, fungi, windfall and other destructive agencies, which would bring the total depletion to more than five billion cubic feet per annum.

Commercial Exploitation

While the commercial exploitation of the forests in Canada is very great and increasing every year, the most tragic depletion, because it is so entirely wasteful, is that caused by fire. There were 1,165 fires on Dominion lands protected by fire service in 1925, the total area burned over being 524,225 acres. There were 2,147 fires in British Columbia forests in the same season and 607 in Quebec. Means of combating this menace are becoming more efficient and effective each year, and there would appear to be on the whole a corresponding reduction in the volume of destruction. In Dominion lands in Alberta, patrol of the forested areas is conducted by airplanes, while this year a system of mountain lookouts, similar to that of British Columbia and the United States, is being established. Similar air patrols are being carried out in the forested areas of Manitoba. Quebec, Ontario and British Columbia have their own forest protective services which are annually becoming more extensive and efficient. The Ontario Government this year has added to its patrol fleet several machines purchased in England.

This is gradually reducing the danger from fire hazard. The fires on Dominion Government lands last year were reduced by 322, and in British Columbia by 400, resulting in a money saving for this province estimated at one million dollars. In Ontario, the loss through forest fires in 1923 amounted to 2,120,148 acres, and in 1925 to 187,000 acres, while last year under the increasing efficiency of provincial forest patrol the loss was reduced to 82,000 acres. In Quebec the number of acres burnt in the 1925 season was 20,130 as against 203,263 the year before, while the number of fires was about the same, indicating the value of rapid detection.

Reseeding and Planting

The Dominion Government and the governments of all the forested provinces have policies of reseeding and tree-planting which are going a greater way each year in meeting the annual destruction. In 1925 the Dominion Government planted 53 acres of the forest reserves with trees and 220 acres with seed. In Ontario there is a reforestation policy in which the co-operation of the municipalities and farmers is enlisted, these setting aside tracts of land for the purpose and the Government providing the trees. Quebec is making great progress in its reforestation schemes, and this year plans the biggest one on record when over 1,600,000 trees will be planted on Government lands. This will be yet further increased next year when it is the intention to plant over 3,000,000 trees, and by 1929 the Government will be planting some 5,000,000 trees per year. Government efforts in this regard are being supplemented by those of several of the larger organizations exploiting the forests, replanting and reseeding cut-over lands.

Canada's forests constitute one of the greatest of her natural endowments, returning at the present time a great annual revenue, which it is intended shall be perpetual. Demands for raw material from countries which have exhausted their own resources are ceaseless reminders of the transience of forest possessions without adequate protection. Measures for the combating of the forest's enemies are becoming more extensive and efficient each year, and reforestation annual clothing a larger extent of the areas denuded through the various commercial operations.

Newsprint & Culture

If the consumption of newsprint is any indication of an increase in cultural development, the world population continues to show improvement in that direction since the consumption of newsprint paper increases from year to year, and even greater demands are made on the world's forest resources to supply the medium for spreading enlightenment.

Power Valuable Asset of Abitibi P. and P. Co.

Probably no element among Canadian natural resources has appealed so strongly to outside countries, and particularly financial interests in the United States, as the developed and undeveloped water powers of this country. The determined opposition of provincial authorities of Quebec and Ontario to the export of hydro-electric power naturally has centred attention on the undeveloped water powers still available in Canada. The establishing of the great aluminum industry at Arvida, in Quebec province, with plans under consideration that may involve the generation of 800,000 h.p., has served to illustrate the importance and influence of these undeveloped powers on future industrial growth in Canada. The pulp and paper industry alone consumes an enormous quantity of electric power, requiring 100 h.p. for each ton of daily production of newsprint. A large volume of undeveloped (as well as developed) water powers will be one of the most valuable assets of the Abitibi-Spanish River group, Abitibi alone possessing undeveloped power along the Abitibi River to an estimated extent of 250,000 h.p. These and other power sites may be looked upon as potential assets of a present incalculable value.

Sulphate, Kraft Industry

Position of Industry Undergoes Betterment—Kraft Markets Widen — Records Give Confidence in Future

While the markets for sulphate pulp during 1928 have been weaker than in 1927, yet the kraft companies have been enjoying a good business due to the betterment in the domestic demand for wrapping paper. The greater the demand for kraft paper, the more manufacturing profit are the companies able to make, for it enables them to turn more of their sulphate pulp output into paper.

While the industry can hardly fail to be unfavorably affected by the unsatisfactory markets which prevail for some of the other grades of pulp and paper, yet other mills can not switch their production over either to sulphate or kraft and so increase the competition between the sulphate mills. It is true that lower prices for other grades will result in supplanting kraft for a few uses, but the ever growing uses to which this grade of paper is being applied may offset the not too favorable position prevailing in other sections of the pulp and paper industry.

Better Than in 1927

During the current year, the sulphate pulp and kraft paper producers are doing a better business than in 1927. Export markets for kraft paper are not particularly satisfactory but export markets for sulphate pulp are absorbing as much as in 1927.

The companies, such as Wayagamack which produce sulphate pulp, naturally also use a proportion of their pulp output for further manufacture into kraft paper. Kraft paper is, because of its strength, used very largely for wrapping purposes and, also due to its strength, has been finding wider and wider markets. To-day it is being used for bags for holding cement and other similar materials. The uses of kraft are varied and are growing wider almost daily.

Southern Mills Compete

In the United States, more and more sulphate pulp is being produced by mills located in the Southern States where a more or less rapid growing type of wood has been found suitable for this kind of pulp. In this way, Canadian manufacturers have had to meet keener competition in U. S. markets, but as sulphate pulp from Canadian fir trees is of a grade superior to that made in the Southern States, the Canadian product will always be successful in finding a market.

Up to 1912, the annual production of kraft paper in Canada amounted to only 5,000 tons. In that year, though, the Wayagamack pulp and paper mill commenced production. The growth of the industry since that date gives an indication perhaps of what may be anticipated in the future. Then again, a little over ten years ago, the yearly consumption of kraft in this country amounted only to 8,000 tons while to-day the tonnage produced amounts to well over 90,000 tons. About half of this tonnage is absorbed by the domestic market.

As the domestic market for kraft paper is limited, naturally the manufacturers have turned overseas to find larger markets. That they have been successful is evidenced by the large export business of the Wayagamack Pulp and Paper Mills. Practically all the Canadian exports of sulphate pulp go to the United States, but some tonnage is exported overseas. However, the chief market for the Canadian sulphate pulp production is and will remain in the United States.

There appears to be a steady broadening in the domestic market for kraft wrapping paper and while in the sulphate pulp market there is keen competition, yet the mills are making some earnings from their production. On the whole, the outlook for the sulphate pulp and kraft paper producers seems satisfactory.

Ownership of Our Forests

The people of Canada still own outright about fifty per cent. of the total standing timber in the Dominion; this, however, consists of the less valuable stands. The more valuable and accessible timber in the public forests, amounting to about forty per cent., is under license to operators.

Dryden Paper Co. Power Plant Grows

From Our Own Correspondent

MONTREAL.—The Dryden Paper Company will shortly complete the installation of another 2,500 horsepower generator in its power plant. The addition will bring the total installed capacity of the plant up to 10,000 horsepower.

Another 2,500 horsepower can be added at low cost by the installation of another unit.

Financing Canada's Newsprint and Fine Paper Industries

THIS Corporation has been prominently identified with the financing of Canadian pulp, paper and lumber industries for the past eighteen years.

During that period we have underwritten and distributed issues of securities which have provided many millions of dollars for the commercial development of Canada's forest and power resources.

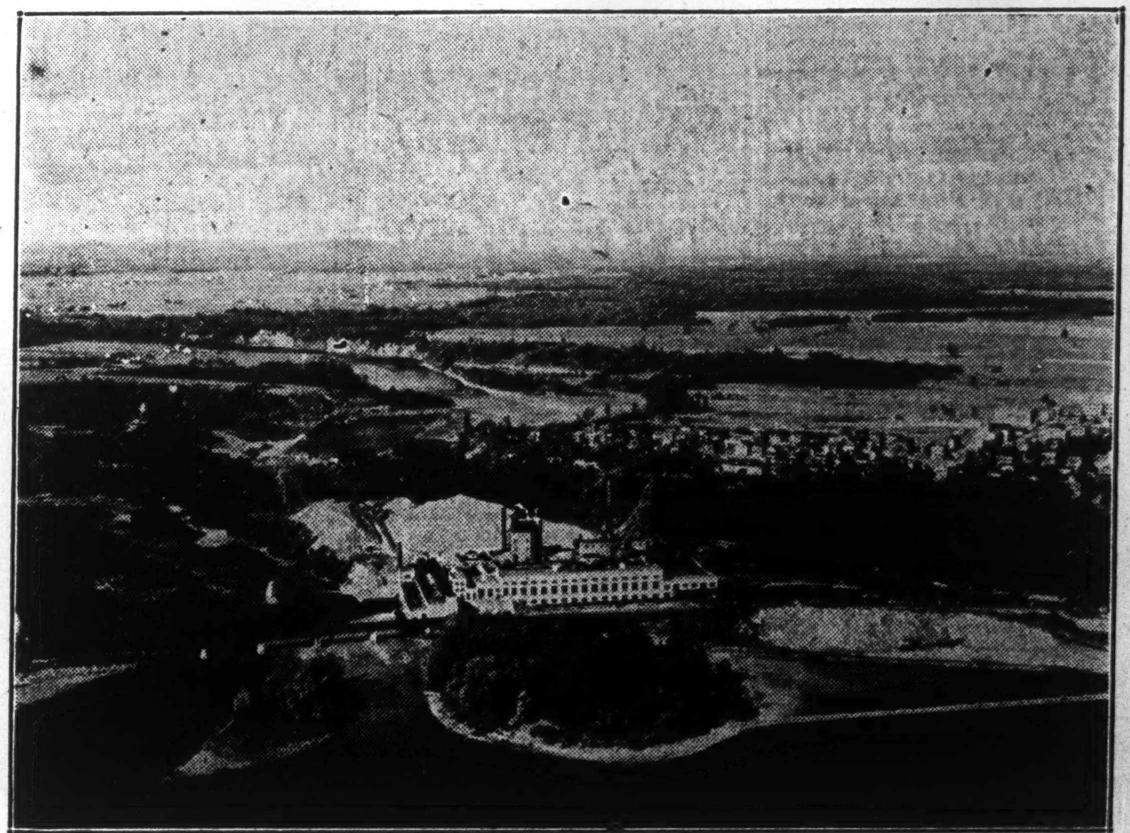
Among the well-known companies whose securities we have sold to investors are the following:

Abitibi Power & Paper Company, Limited
Abitibi Fibre Company, Limited
British Columbia Pulp & Paper Company, Limited
Donnacona Paper Company, Limited
Fraser Companies, Limited
Manitoba Paper Company, Limited
Murray Bay Paper Company, Ltd.
Price Brothers & Company, Limited
Restigouche Company, Limited
Rolland Paper Company, Limited
Spanish River Pulp & Paper Mills, Limited

This long and active connection with the development of the Canadian pulp and paper industry has naturally enabled us to accumulate very complete information regarding the industry and the securities of individual companies.

To present and prospective investors we offer exceptional facilities for supplying market quotations, information and advice.

Royal Securities Corporation LIMITED
164 St. James Street, Montreal
Toronto Halifax Saint John Quebec Winnipeg Vancouver
New York Charlottetown Ottawa Hamilton Calgary
Edmonton Regina Victoria St. John's, Nfld. London, Eng.



Aerial view of the Donnacona Paper Company showing excellent rail and water shipping facilities.

DONNACONA PAPER CO. LIMITED

Experienced Administration

Officers and Directors

President
JOHN H. PRICE

Vice-President
J. L. APEDAILE

W. G. MITCHELL

R. H. NISBET

A. C. PRICE
W. C. PITFIELD
VICTOR E. MITCHELL, K.C., D.C.L.

ROBT. P. KERNAN
Vice-President

Situated at the junction of the Jacques Cartier and St. Lawrence Rivers, and controlling most of the timber on the watershed of the former, as well as that on the Rivers Sault au Mouton and de Gouffre, The Donnacona Paper Company is strategically located for economical wood supply and convenient water shipments via the St. Lawrence route.

The Donnacona Paper Company owns water powers on the Jacques Cartier River having a present development of 7,600 H.P. and an ultimate capacity of 46,000 H.P.

The plant of the Company has been maintained in the highest efficiency.

The Donnacona Paper Company Limited
Donnacona
News Print
Donnacona, Quebec

This Trade Mark on a roll of newsprint is a guarantee of high quality, correct weight, fine finish and all around excellence.

Manufacturers of
Newsprint Paper
Mechanical Pulp
Sulphite Pulp
Railway Connection: Canadian National

DONNACONA, QUEBEC

Extent of the Pulp and Paper Industry at the End of 1927

Items		Canada	Nova Scotia	New Brunswick	Quebec	Ontario	B. C. and Manitoba
Number of establishments	No.	114	7	5	50	44	8
Pulpmills	No.	42	7	4	16	12	3
Pulp and paper mills	No.	42	......	1	20	17	4
Paper mills	No.	30	......	......	14	15	1
Capital invested	$	579,853,552	3,347,699	18,322,185	295,505,452	201,763,069	60,915,147
Total employees	No.	32,876	496	1,344	16,663	10,910	3,463
Salaries and wages	$	45,674,293	319,019	1,712,610	22,268,204	15,680,778	5,693,682
Fuel and electricity used	$	23,401,264	6,789	902,622	13,025,806	7,959,322	1,506,725
Power employed	H.P.	1,312,971	21,328	20,504	778,900	380,922	111,317
Pulp-making materials	$	64,340,968	344,204	4,221,327	33,731,562	20,886,359	5,157,516
Pulp manufactured	$	114,442,541	890,141	8,278,291	60,884,169	35,034,468	9,355,472
Paper-making materials	$	82,566,726	......	x	46,820,365	29,393,459	6,352,902
Paper manufactured	$	168,445,548	......	x	91,908,475	59,537,625	16,999,448
Total gross production	$	219,329,753	890,141	x	123,340,055	74,309,603	20,789,954
Total net production	$	134,516,673	545,937	x	75,959,825	42,996,709	15,014,202

x Quebec and New Brunswick combined.

PULPWOOD PLAYS BUT SMALL PART IN TOTAL EXPORT

Government Not Likely to Bring in Legislation Restricting Exports

While some paper manufacturers feel that legislation restricting the amount of pulpwood exported from Canada would benefit the paper industry, mostly all are agreed that no government would endanger its existence by passing legislation which would adversely affect so many voters. There are thousands of farmers and other individuals scattered throughout Canada, particularly the eastern provinces, who own timber lots from which they derive a portion of their annual income. These thousands of individuals naturally look askance at any attempt to tamper with the market for a portion of their annual output. It seems reasonable to presume, therefore, that no government would be willing to place itself in position in which it would lose the backing of such a large number of voters—no matter what effect such legislation might have on the paper manufacturing industry.

Those definitely not in favor of legislation which would restrict in any fashion exports of Canadian pulpwood to the United States where, after manufacture, it competes with paper made in Canada, summarize their case somewhat as follows:

The case for an embargo, and later, an export tax, on Canadian pulpwood, has, from the first, been founded on the assumption that our timber supplies are approaching their inevitable exhaustion. With this alarming prediction, advocates of restrictive measures jolted the consciousness of the Canadian public; they, then, followed up the advantages gained with the cry: "Stop the export of pulpwood."

Those conversant with Canada's timber resources have repeatedly pointed out that our yearly export of pulpwood is a negligible percentage of our annual timber consumption—insufficient to hasten either the exhaustion of our forests by its continuance or to delay that exhaustion by its cessation. This fact the advocates of restrictions ignored.

An expert, not only versed in the technical science of forestry but possessed of a wide knowledge of the forest resources of Canada, declares that "Under the simplest form of management, our forests are capable of growing in perpetuity five or six times our present requirements for all purposes."

This statement was made by E. H. Finlaysen, Director of Forestry for the Dominion, in an article appearing in a July issue of The Financial Post, entitled "Within Our Own Control Lies Our Forest Future."

The article deals with forest conservation, and has been given wide publicity as an incentive to the Canadian public to protect the forests from destruction—especially by fire—and as a valuable piece of forestry information coming from an authoritative and unbiased source. The Canadian Lumbermen's Association distributed the article among its large membership.

After a declaration like that of Mr. Finlayson, intelligent people will find it hard to believe that restrictions on the export of pulpwood are necessary to prevent the exhaustion of the forests, say those out of sympathy with any such efforts.

It is also to be noted that the same authority, in speaking of measures of forest conservation, completely omits all reference to restrictions on the export of wood. Conservation consists in fire protection, forest management, elimination of wasteful methods of logging, economic utilization of timber, scientific care of present growth and reforestation, including the foresting of new areas. Embargo and export tax, although advanced as such by their advocates, are not measures of forest conservation. They are questions of trade policy—and from a commercial standpoint are manifestly unjust.

Our modern structure of trade and commerce is on a competitive basis. The ineffectiveness of the Canadian Newsprint Company's co-operative selling organization, which represented an almost nation-wide attempt to reduce competition in the sale of newsprint, emphasizes the competitive nature of trade. To withdraw a competitive market from the Canadian pulpwood producer—which is imperative to assure him of anything like a steady demand for his product at a reasonable price—is a deliberate disruption of the trade structure which cannot fail to redound to the detriment of the country in resulting in hardship to settlers and farmers. Moreover, pulpwood is the only branch of the industry it is proposed to subject to trade limitations. Is it not grossly unfair to single it out? And is it not ridiculous to propose trade restrictions in the name of the conservations of our forests—particularly when "the simplest form of management" is sufficient to yield five or six times our annual timber requirements in perpetuity?

Production in Perpetuity

Given protection from its greatest enemy, fire, and reasonable care in cutting, the forest will continue to yield its bountiful harvest for all time.

Can. Power & Paper Debentures Strong

From Our Own Correspondent

MONTREAL.—Of late, the Canada Power and Paper Corporation's 5½ per cent. debentures have been stronger. During the summer stock market slump, the debentures sold off to about 90, after selling earlier in the year as high as 99. The debentures are now quoted at about 93. At this figure the yield works out to about 5.82 per cent.

Continental Paper

Investment Position of Company Apparently Undergoes Betterment

The Continental Paper Products is now a wholly owned subsidiary of the International Paper Company. The only investment interest in the subsidiary is confined to a $760,000 bond issue which was marketed in Canada in 1923.

The Continental Paper Products share capitalization is all owned by the Continental Paper and Bag Mills which in turn is a wholly owned subsidiary of International Paper. Until this year, International Paper owned only 51 per cent. of the U. S. parent company, but the U.S. company got into financial difficulties and the International Paper issued some of its securities in exchange for the bonds of Continental Paper and Bag Mills and purchased the remainder of the outstanding shares in the United States company.

The Continental Paper Products in turn owns the Continental Wood Products which manufactures sawn lumber, laths, and prepared pulpwood. This company has a plant at Elsas, Ontario, and owns 71,695 freehold acres of timberlands. The subsidiary leases from the Ontario government another 775,000 acres.

The Continental Paper Products plant is located in Ottawa, and is one of the largest of its kind in the Dominion. It manufactures and distributes in Canada paper bags and boxes, drinking cups, merchandise envelopes and similar products. The weekly capacity of the plant is 10,000,000 paper bags and envelopes. It makes no paper.

The investment situation surrounding the bond issue on the Canadian company is the stronger as the issue is guaranteed as to principal, interest and sinking funds by the Continental Paper and Bag Mills which is now wholly owned by International Paper. It is understood that the Canadian company is earning its bond interest requirements by a substantial margin.

Capitalization—	Authorized	Outstanding
Common ($100 par)	$1,250,000	$750,000
Pref. 7% cum. ($100 par)	750,000	725,000

The entire capital stock is owned by the Continental Paper & Bag Corp., which is wholly owned by International Paper.

Funded Debt—

6½% first and collateral trust convertible sinking fund bonds, Series A, due 1943; authorized, $1,500,000; outstanding, $609,500. Convertible at any time into an equal par value of common stock.

Officers and Directors—

H. A. Sheesley, pres.; H. R. Weaver, vice-pres., New York; Louis Gosselin, vice-pres., Montreal; Owen Shepherd, treas., New York; H. A. Miller, sec. and gen. mgr., Ottawa; A. R. Graustein, New York; E. B. Sagendorf, New York.

Public Hardly Realizes Strides of Industry

The rapid strides being made in the pulp and paper industry, is only beginning to enforce upon the minds of Canadians the important position this industry has assumed in our national life.

The growth of the industry has been so rapid that it has become increasingly difficult for the public to realize its importance in the national industrial structure. The following facts will serve to disclose to some degree the progress made.

The capital investment in the lumber and pulp industry is over 650 million dollars. Over 100,000 people are employed in the woods and mills.

The pulp and paper industry now dominates the lumber industry in importance. Over three million tons of pulp and two million tons of paper can be produced annually by the mills today. Canada stands unrivalled in the world in the production of pulp and paper.

Canada will cut about five million cords of pulpwood this year. Fifteen years ago, the cut was one and a half million cords. At that time the greater part of the cut was exported to the United States. Today owing to the embargo which prohibits the export of pulpwood cut on Crown lands, less than thirty per cent. of the annual cut is sent across the border. The remainder of the cut is being manufactured into paper by the Canadian mills. The larger mills are located in Ontario and Quebec, the two provinces have over 85 per cent. of the total pulping capacity of the Dominion and over 90 per cent. of the total paper industry.

Canada's production of pulp has more than doubled in the past ten years.

ENGLISH ELECTRIC **MOTORS AND CONTROL FOR PULP AND PAPER MILLS**

English Electric Type M Q Induction motors, controlled by type R X M Auto-Starters installed in a large pulp and paper mill.

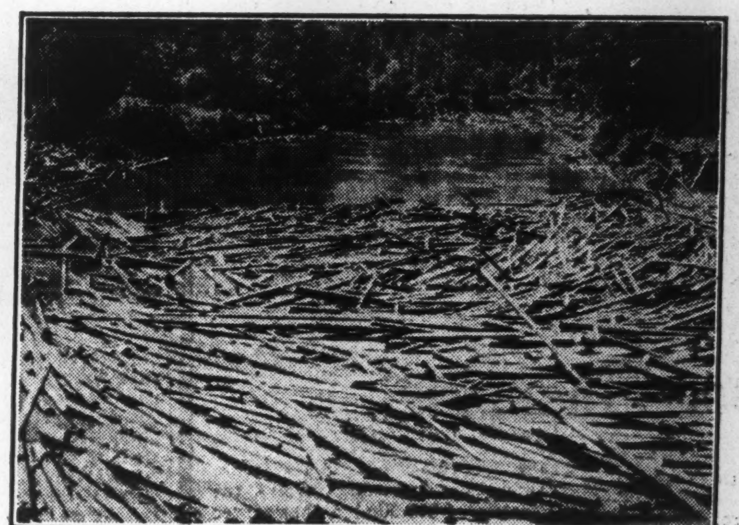
DEPENDABILITY, with high overall efficiency make English Electric equipment a profitable investment. The constantly growing number of installations continue to give the best evidence of complete satisfaction with English Electric apparatus.

Electrical Apparatus of Quality

ENGLISH ELECTRIC
COMPANY OF CANADA LIMITED
CONTROLLING
THE CANADIAN CROCKER-WHEELER CO. LIMITED
MAIN OFFICE AND WORKS: ST. CATHARINES, ONT.
GENERAL SALES OFFICES: NORTHERN ONTARIO BUILDING, TORONTO, ONT.

ONTARIO

MILLIONS OF CORDS STILL AVAILABLE CLOSE TO THE GREAT CONSUMING MARKETS OF THE WORLD



WATERWAYS AND AN ABUNDANT WATER POWER SYSTEMS MAKE FOR AVAILABILITY AND ECONOMIC PRODUCTION

OVER TWO HUNDRED MILLION CORDS OF AVAILABLE PULPWOOD

IN THE pulp and paper resources of the province, Ontario has one of its greatest assets. It stands next to agriculture and mining as the greatest source of wealth. It is estimated that the province has over two hundred million cords of first class pulpwood. Much of it lies in the charted sections of the province where comparatively easily accessible. More than half of the known supply is available under present conditions.

In addition to this supply there are almost a hundred million cords that will be made available by future developments. In addition to these known resources there is the great District of Patricia, comprising some 146,000 square miles, that has only been partially surveyed. This section is known to consist mainly of forest areas suitable for pulpwood.

With the growing demand made on the resources of other sections, this still untapped section is of outstanding importance. It is irrigated by many rivers that afford an excellent means of transport and assure ample supplies of power to aid the development.

With the present production calling for an annual outturn of 850,000 tons of pulp it is evident that these resources will be of vast importance in the not very distant future.

PULPWOOD PRODUCTION 1926

VARIETY:	
Groundwood	608,430
Bleached Sulphite	126,491
Unbleached Sulphite	218,283
Sulphate or Kraft	23,212
Screenings	30,702
Newsprint	670,313
Book	43,434
Wrapping Paper	20,517
Paper Boards	113,166

THE various departments of the government are always ready and willing to supply all possible information to bona fide enquirers. Maps, photos, figures and facts are clearly set forth in the recent publications of the various departments, and these are all available, while the province stands ready to give every possible aid, not only to existing industries but to those who are contemplating possible operations within the province.

POWER TO FACILITATE DEVELOPMENT AND WISE PROTECTIVE MEASURES

THE surprising growth of this industry in the course of a very few years has been due not alone to the fact that Ontario has such outstanding resources in her forest limits, but that, contiguous to them, there are such widely distributed power sources. Ample facilities are available in every section for the creation of adequate power units for the development of the industry.

Ontario has been peculiarly favored in the number and volume of its power sites, and the province has taken an outstanding place in hydro-electric development, so that at the present time there is more power actually developed in the province than in the continents of Africa, South America and Australia combined.

The province has retained all water powers as a public trust, though it will lease them on terms that will meet the requirements of the industry while at the same time safeguarding the public interest.

The same care has been exercised in safeguarding the public interest in the great forest assets. The government has set itself definitely toward a policy of protecting and conserving of its forest resources, and in this work it has been ably seconded by the great paper industries.

FIGURES IN ONTARIO'S GROWING PULP AND PAPER INDUSTRY

Available under present conditions	125,000,000
Unalienated	120,986,700
Leased	75,110,000
Privately Owned	13,000,000
Number of Mills	44
Capital Invested	$201,763,069
Salaries and Wages	$ 15,680,778

Hon. William Finlayson, Minister of Lands and Forests

ONTARIO'S PULP AND PAPER PRODUCTION BY YEARS

1925—	
Tons Produced	782,057
Value	$58,609,053
1926—	
Tons Produced	895,364
Value	$63,818,579
1927—	
Tons Produced	856,481
Value	$59,537,625

DEPARTMENT OF LANDS AND FORESTS

PARLIAMENT BUILDINGS, QUEEN'S PARK
TORONTO

Fine Paper Industry

Book and Fine Paper Producers Experience Better Demand — Exports Business Satisfactory — Prosperity of Industry Depends on Domestic Market

Some indication of the business being experienced by the high grade paper manufacturers in Canada may be obtained from the fact that several of the producers this year have, or are increasing the outputs of their plants. The manufacturers of high grade pulp and paper are experiencing better business and generally are in a better position than they have been for a number of years.

However, the domestic market for fine paper is small. Also, the export market is not large as the Canadian mills find it difficult to compete in price in foreign markets with mills elsewhere which because of the size of their domestic markets are enabled to manufacture a greater tonnage of one grade. In Canada, the machines have frequently to be switched over from one grade of paper to another; compared with the U.S., the demand for any one grade of fine paper in Canada is relatively small. This makes for higher operating costs.

Trend Moves Upward

However, the figures printed elsewhere in this issue show that over a term of years the export trend of book paper appears to be upward. Exports of bond and writing paper, though, are not large and do not appear to be showing any material growth.

Because of the keen competition in foreign markets from mills which operate on a greater mass production basis, profits on the export business of the Canadian fine paper mills are narrow. But the business helps to keep the plants operating at capacity.

With the tremendous imports of U.S. publications into this country, the manufacturers find also that they have but a comparatively small publishing house field which they can serve. Should some check ever be placed on the flow into Canada of publications containing vast quantities of advertising, fine paper manufacturers in the Dominion would benefit enormously. It seems doubtful, though, that any restrictive legislation of this character will ever take effect.

Depends Entirely on Demand Here

The trend in this branch of the pulp and paper industry depends virtually entirely on the growth of the domestic market. The better business prevailing throughout the Dominion in recent years is reflected in the present position of the fine paper mills.

If the United States should ever remove its tariff on fine paper, the industry in this country would experience the same expansion which its sister industry, the manufacture of newsprint, has experienced in the last fifteen years. However, there seems to be no chance of any favorable tariff action by the U.S. It can be said, therefore, that the outlook for the fine paper industry is virtually identical with the outlook for the progress of business as a whole in the Dominion.

Sells In Protected Market

Fine paper pays a tariff entering Canada. Hence, in their own line, the fine paper mills are protected to a degree by tariffs. To take care of the increasing demand for fine paper in this country, Provincial Paper increased its output a year ago; Howard Smith this year increased the production from its Cornwall mill by the installation of a new machine, and the Rolland Paper Company's recent financing was undertaken in part to permit the installation of a new rag paper machine.

It can be seen that even with tariff protection the Canadian mills are handicapped in competing with grades of paper such as are used in the Saturday Evening Post which consumes a tremendous tonnage each week. No doubt, several fine paper machines in the United States run continuously producing paper for the Saturday Evening Post. Users in Canada of the grade of paper used by that large U. S. weekly obviously could probably obtain it at a lower figure from the States, even with the duty, because of the lower costs of the large fine paper mills in the U. S. Their machines are frequently permanently employed in turning out only one grade of paper.

Obtained Tariff Concessions

The Canadian fine paper mills must chop and change around their production. Sometimes a machine will only run a day or two on one grade. The publishers in Canada recently obtained some tariff concessions on some grades of imported paper. Such tariff reductions must undoubtedly have had some effect on the Canadian fine paper producers, but the larger users of fine paper in Canada, such as the publishers, find that these tariff reductions will permit them to increase their demand, which in turn should ultimately have a favorable effect on the mills.

There are four outstanding Canadian fine paper companies in which there is an investment interest. They are the Fraser Companies, Howard Smith Paper, Provincial Paper and Rolland Paper. But the Fraser Companies produces no fine paper in Canada. Its fine paper mill is located in Madawaska, Maine, which uses pulp produced in the Canadian mills located just across the border. The pulp moves from one mill to the other through a pipe line.

Have Interesting Figures

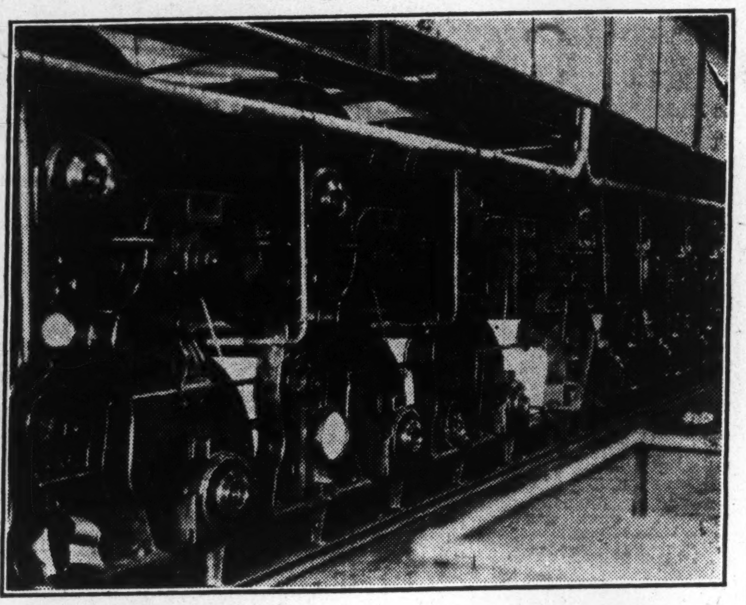
Any comparison of figures of the various fine paper producers in Canada hardly leads to any definite conclusions. However, from a comparison of the figures on these four companies some light may be obtained on the industry in Canada. For instance, in the comparison accompanying this article, it is obvious why the Fraser Companies' common shares sell at what might perhaps be thought to be a high level.

On Sound Basis

The present expansion now under way in some of the fine paper mills is on a sound economic basis—unlike the expansion which has occurred in the newsprint industry. The increasing output of the fine mills will find a market through the increasing demand in the domestic trade. Moreover, there are many grades of paper being imported into this country from the U.S. No doubt some of these imports will be supplanted by whatever additional tonnage the fine paper mills may bring into production.

While the fine paper industry itself appears to be in a satisfactory condition, it does not naturally follow that the securities of these companies will leap upward in the immediate future. Indeed, it is possible with prevailing market conditions that the securities of the companies may even sell a point or two lower, more especially as there appears to be no hope of any immediate betterment in market conditions for some time to come. Money is tight, and likely to remain so during the harvesting period. Hence it seems that the tendency of all stocks will be downward rather than upward. In any such a movement the fine paper stocks would participate—though perhaps not to the extent of securities of weaker industries.

Manufacturing Operation is Shown



The photograph of the Three Rivers mill of the Canada Power and Paper Corporation shows clearly how the "stock" passes over the steam heated cylinders of the machines from which it emerges as newsprint. The picture was taken to show a typical Ross-Grewin system installed by the Ross Engineering Company of Canada for the reduction of back pressure, to even the drying across the face of the newsprint sheet permitting higher moisture content and also to increase the life of the felts.

Glossary of Words Used to Describe Industry

The Meaning of Sulphate, Kraft, Sulphite and the Composition of Various Pulp and Paper Products Described for the Investor

Any investor who for the first time turns his thoughts toward the pulp and paper industry is perhaps slightly puzzled by the phraseology of the newspaper writer who glibly talks of such things as machines and tonnage, or sulphate and groundwood. Thus a small glossary of the terminology used in non-technical discussions of the industry may prove perhaps of some practical use to those who for the first time are beginning to take an interest in Canada's largest industry. It follows:

News, or newsprint—The grade of paper upon which the ordinary daily newspaper is printed.

Pulp—Just what its name implies. Ground up or disintegrated logs. This is accomplished by two processes, one of which produces mechanical or groundwood pulp and the other, chemical pulp.

Groundwood, or mechanical, pulp—is manufactured by pressing the logs against large grindstones upon which water is sprayed. The result is a milky white mush.

Chemical pulp—Is of three types: Sulphite, sulphate and soda. The logs are broken into small chips about an inch in length. These chips are cooked in a digester under steam with a weak acid or alkaline solution. Thus the fibres in the wood are broken up by chemical, instead of mechanical means as with groundwood pulp.

Sulphite pulp—Is used in the manufacture of high grade paper. About 25 per cent. sulphite and 75 per cent. mechanical groundwood goes into the making of an ordinary sheet of newsprint.

Sulphate pulp—The toughest of all the family. Is largely used in the manufacture of wrapping paper, or any other paper in which strength is required.

Kraft—Another name for either sulphate pulp or for the paper which is made from this pulp.

Machines—A name applied to the intricate machinery which at one end takes a layer of thin water pulp and by rolling and heat produces at the other end the strip of paper. A 100 ton machine means one which will roll out this amount of paper in a day.

Pulpwood—Is mostly composed of spruce, with smaller proportions of balsam and hemlock.

Wood pulp—Another name for pulp.

Various Kinds of Paper

Each grade of paper is made from a combination of various types of pulp. It will be of interest to trace out the composition of the various types of paper. No hard and fast rule can be laid down for the blending of pulps to make paper, as pulps from the same mill often vary, and a definite grade is often the result of experimentation.

Book paper—This may be said to be made on an average from about 40 per cent. soda and 35 per cent. sulphite pulp. Old book paper, rags, and limited quantities of other material supply the remaining 25 per cent. Of a total of around 725,000 tons in 1923, Canada supplied about 31 per cent. of the American pulp requirements. The largest factor in the American imports, totaling 27 per cent., and that which is growing most rapidly, is pulp. almost all sulphite. More than half of this is from Canada.

Wrapping paper—This product averages in its composition about 40 per cent. of sulphate pulp, 25 per cent. of sulphite, 17 per cent. of mechanical and 9 per cent. of manila stock and the remainder of other material.

As in book paper, the material for wrapping is mostly imported as pulp into the United States. A total of about 27 per cent. of that country's requirements comes in about equal amounts from Canada and the continent.

Boards—Some 80 per cent. of the contents of cardboard comes from all sorts of waste paper and straw. The 20 per cent. of new pulp which normally goes into the manufacture consists of sulphite, sulphate and mechanical pulp, each to the extent of about one-third of this 20 per cent. Twenty-six per cent. of the American requirements for cardboard are imported from Canada.

Newsprint paper — Seventy-five and twenty-five per cent. represent the average contribution of mechanical and sulphite pulps to newsprint paper. The United States supplies itself with only 40 per cent. of its newsprint requirements.

Other kinds of paper — For the making of other kinds of paper the manufacturer experiments until he finds the most suitable combination of the various forms of pulp for the type of paper which he wishes to produce.

Ontario Owns Most of Its Forested Areas

The province of Ontario has 120,000,000 acres of forest lands capable of producing merchantable forest crops according to a recent publication by the provincial Department of Forestry. Nearly all of this huge area is owned by the Crown, 97.7 per cent. of the forested tracts being so vested.

The amount of money invested in Ontario's forest industries is now stated to be $225,000,000 and the number of persons directly employed is nearly 30,000 with an annual payroll of over $30,000,000. To protect its forests against fire, Ontario now employs an annual field protection staff of 1,000 men, and a fleet of 22 aeroplanes are used to detect fires and carry men and equipment to isolated forest regions of north and western Ontario. The planes are useful in other ways, notably in speeding up the survey of Ontario's forest resources and to date over 52,000,000 acres have been surveyed and mapped. The surveys show that on 49 per cent. of this area the timber is mature and ready to cut and that 34 per cent. is young growth. Only 6 per cent. is waste land.

Ontario is also making great progress in reforestation. In 1906, the first year of distribution, 10,000 trees were distributed, while in 1928 the government distribution of seedlings amounted to 10,000,000 and in place of one nursery in 1905 the province is now maintaining five nurseries for growing young forest trees for free distribution. Bulletin by the Department of the Interior, through its Natural Resources Intelligence Service.

Shingle Mills Busy

British Columbia shingle mills have all the business they can handle and orders are booked up so far ahead that buyers are complaining about slow deliveries. On August 24, the Consolidated Shingle Mills of British Columbia Ltd. had orders for 741 carloads of shingles.

Pulp and Paper Financing

Greenshields & Co have been identified with the financing of many Canadian pulp and paper companies and have been the medium through which many millions of dollars have been supplied for the upbuilding of Canada's greatest industry.

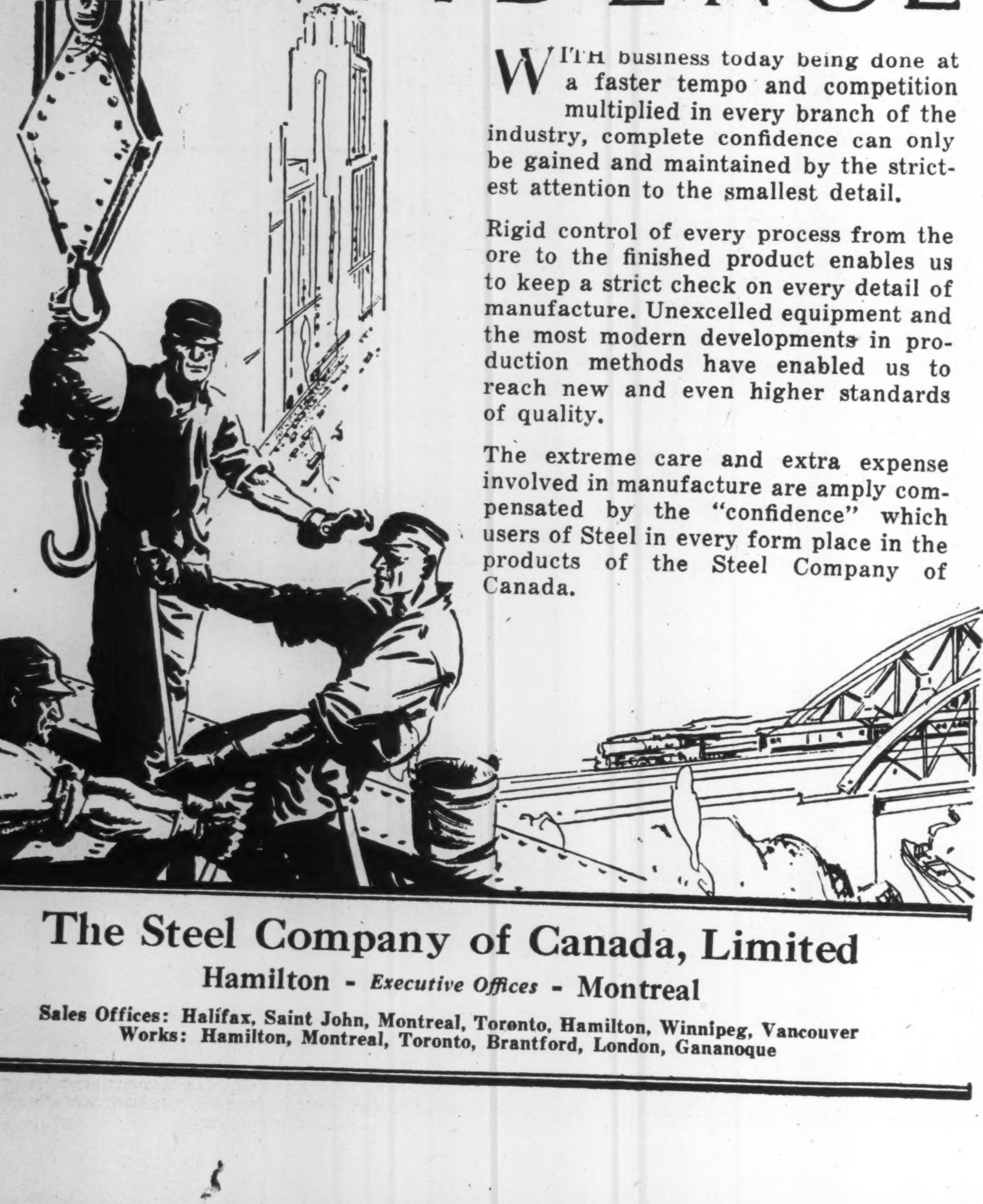
The New Seventh Edition of The Greenshields Catalogue which analyzes the securities of some of the leading companies in the industry will be sent to any investor on request. Ask for Catalogue C-4.

Greenshields & Co
Montreal: 17 St. John Street
also Mount Royal Hotel Building

TORONTO
24 King Street West

56 Sparks Street
OTTAWA

QUEBEC
80 St. Peter Street



CONFIDENCE

WITH business today being done at a faster tempo and competition multiplied in every branch of the industry, complete confidence can only be gained and maintained by the strictest attention to the smallest detail.

Rigid control of every process from the ore to the finished product enables us to keep a strict check on every detail of manufacture. Unexcelled equipment and the most modern developments in production methods have enabled us to reach new and even higher standards of quality.

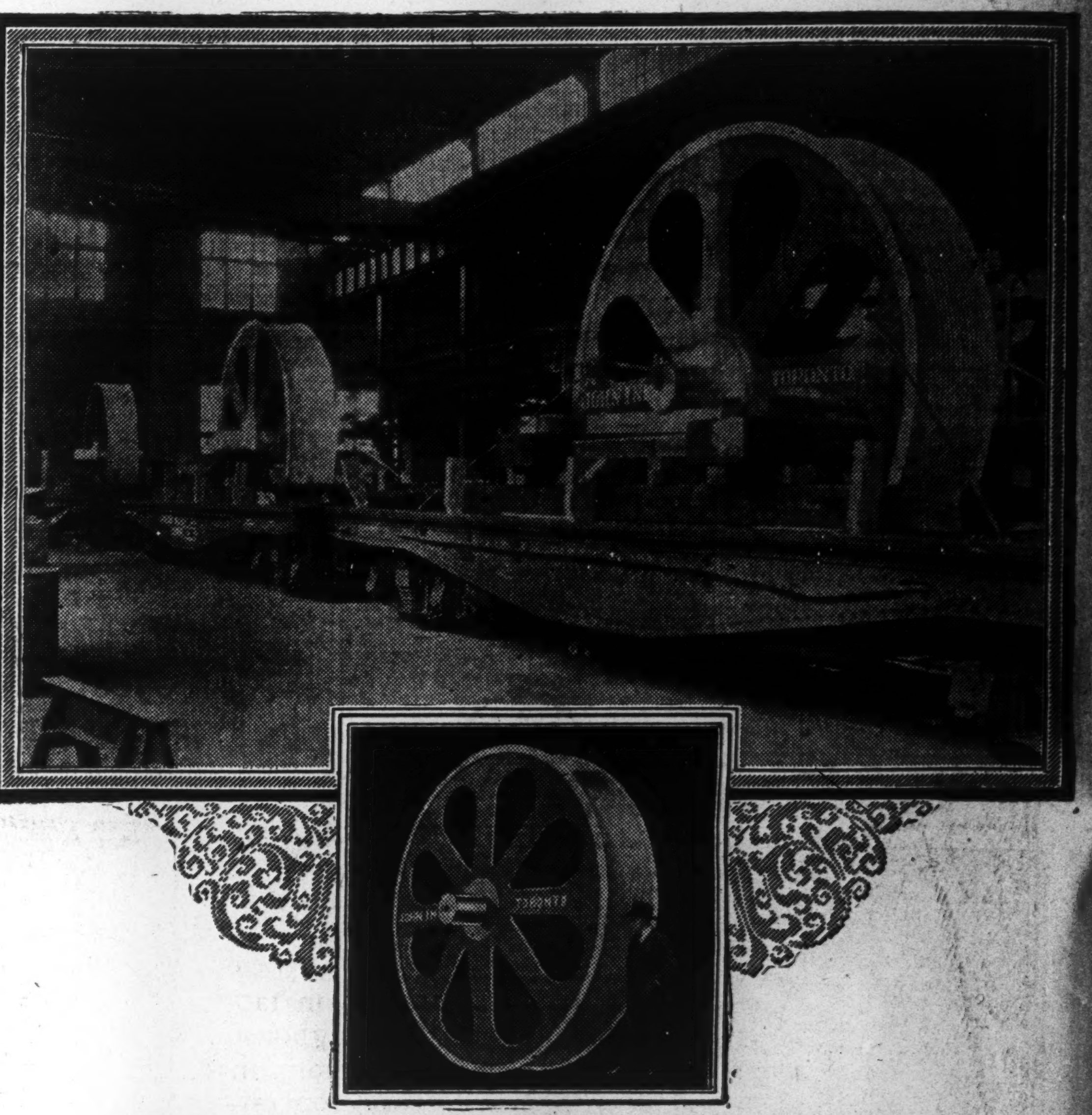
The extreme care and extra expense involved in manufacture are amply compensated by the "confidence" which users of Steel in every form place in the products of the Steel Company of Canada.

The Steel Company of Canada, Limited
Hamilton - *Executive Offices* - Montreal
Sales Offices: Halifax, Saint John, Montreal, Toronto, Hamilton, Winnipeg, Vancouver
Works: Hamilton, Montreal, Toronto, Brantford, London, Gananoque

Canadian Paperboard Company
LIMITED
FIRST MORTGAGE SINKING FUND
GOLD BONDS, DUE 1937
7% CUMULATIVE PREFERRED STOCK

We have been intimately identified with the financing of the above company, and are in a position to give a prompt and dependable service in the sale or purchase of its securities. Full particulars furnished on request.

JOHNSTON AND WARD
Stock Brokers and Bond Dealers
HEAD OFFICE: ROYAL BANK BUILDING — MONTREAL
MEMBERS: Montreal Stock Exchange, Toronto Stock Exchange, Montreal Curb Market, Winnipeg Grain Exchange, Chicago Board of Trade
BRANCHES: Halifax Sydney Moncton Sherbrooke Kingston Toronto London, Ont. St. John's, Nfld. Kitchener Stratford Saint John, N.B.



ILLUSTRATED above is a shipment of wheels ready to be mounted on structural steel towers and used on the Lift Bridge of the new Welland Canal. Four wheels were ordered, each wheel being a one piece steel casting 30 inches wide, 13 feet "pitch diameter," and weighing 15 tons.
The entire job was completed and shipped in record time.

Our Consulting Bureau is at your sevice without obligation. They will gladly discuss and advise regarding any type of engineering or boiler-making problem.

The John Inglis COMPANY LIMITED
14 STRACHAN AVENUE, TORONTO, ONT.
610 CASTLE BLDG., MONTREAL, P.Q.

CANADIAN VEGETABLE PARCHMENT CO. LIMITED
PURITY BRAND
GENUINE PURE VEGETABLE PARCHMENT
Modern and complete Printing and converting department at mills

Plain Parchment
Butter Wrappers
Butter Box Liners
Tub Circles

Lard Wrappers and Bags
Milk Can Top Covers
Ice Cream Brick Wrappers
Etc., Etc.

Lobster Can Liners
Fish Wrappers
Fish Fillet Envelopes
Fish Box Liners

Poultry Head Wraps
Meat and Ham Wrappers
Sausage Wrappers
Etc., Etc.

MILLS AT MERRITTON, ONTARIO

GARDEN CITY PAPER MILLS CO. LIMITED
GARDEN CITY
Brand
Toilet Papers, Wrapping Tissues, Paper Napkins, Paper Towels in Rolls and Interfolded, Waxed Papers, Light Weight Specialty Papers
also
Big Four Line of High Grade Toilet Papers. National No Waste Cabinet Toilet Tissue
Public Service Folded Towels
MILLS AT ST. CATHARINES and MERRITTON, ONTARIO

Significant Statistics in Canadian Pulp and Paper Industry

Production

Newsprint

Year	U. S. production	U. S. Imports from Canada	Canadian production
1913	1,305,000	219,000	350,000
1918	1,260,000	581,000	735,000
1919	1,375,000	624,000	803,000
1920	1,512,000	679,000	875,000
1921	1,225,000	657,000	808,000
1922	1,448,000	896,000	1,080,000
1923	1,485,000	1,108,000	1,266,000
1924	1,481,000	1,197,000	1,353,000
1925	1,530,000	1,295,000	1,536,523
1926	1,686,695	1,658,240	1,889,208
1927	1,485,495	1,748,404	2,082,830

Pulpwood

	Cords
1919	3,498,981
1920	4,024,826
1921	3,273,131
1922	3,923,940
1923	4,654,663
1924	4,647,201
1925	5,092,461
1926	5,621,305
1927	5,929,456

Book and Writing

	Tons
1927	75,072
1926	80,403
1925	74,724
1924	67,934
1923	81,120
1922	64,808
1921	53,530
1920	73,196
1919	58,228
1918	48,150
1917	48,141

Wrapping Paper

	Tons
1927	102,707
1926	97,057
1925	91,417
1924	89,441
1923	84,912
1922	81,793
1921	52,898
1920	77,292
1919	59,697
1918	61,180
1917	50,360

Paperboard

	Tons
1927	161,497
1926	155,469
1925	144,646
1924	135,252
1923	130,582
1922	113,200
1921	89,114
1920	158,041
1919	137,678
1918	87,749
1917	54,080

Bleached Sulphite

	Tons
1927	305,125
1926	256,868
1925	227,465
1924	200,764
1923	204,297
1922	146,690
1921	154,804
1920	138,624
1919	109,795

Sulphate and Soda Pulp x

	Tons
1927	262,512
1926	256,075
1925	242,207
1924	218,207
1923	224,813
1922	217,862
1921	131,337
1920	188,487
1919	158,475
1912	33,469

x Soda output is small; about 8,000 tons annually.

Unbleached Sulphite

	Tons
1927	710,935
1926	738,235
1925	615,320
1924	567,271
1923	545,371
1922	532,188
1921	322,125
1920	515,649
1919	452,320

Groundwood Pulp

	Tons
1927	1,922,124
1926	1,901,268
1925	1,621,917
1924	1,427,782
1923	1,419,547
1922	1,241,185
1921	931,560
1920	1,090,114
1919	990,902

Exports

Total

Fiscal Year	Paper	Pulp	Total
1911	$ 3,924,425	$ 4,715,532	$ 8,639,984
1916	20,042,806	8,035,076	28,077,882
1917	26,107,824	20,414,053	46,521,877
1918	37,865,330	25,640,892	63,506,222
1919	49,165,795	34,696,771	83,862,566
1920	63,253,419	41,373,482	104,636,901
1921	92,103,307	71,552,037	163,655,344
1922	69,533,418	35,924,877	105,458,295
1923	79,567,941	42,976,948	122,554,889
1924	96,957,692	46,173,796	143,131,758
1925	99,941,910	41,565,241	141,501,151
1926	110,104,929	49,909,870	160,014,799
1927	129,637,687	46,996,041	176,633,728

Pulpwood

	Cords	$
1927	1,541,769	15,702,705
1926	1,391,738	14,066,030
1925	1,423,502	14,168,935
1924	1,330,250	13,536,058
1923	1,384,230	13,525,004
1922	1,011,332	10,359,762
1921	1,092,553	14,617,610
1920	1,247,404	15,778,171
1919	1,070,275	10,593,581
1918	1,349,536	12,999,784
1917	1,017,845	7,922,422
1916	1,068,207	6,866,669

Bleached Sulphite Pulp

	Tons	$
1927	237,227	18,407,169
1926	200,995	15,734,220
1925	185,890	14,049,500
1924	165,869	12,383,645
1923	159,873	13,568,320
1922	151,048	12,112,480
1921	76,801	7,540,128
1920	100,640	15,225,226

Unbleached Sulphite Pulp

	Tons	$
1927	192,557	10,269,560
1926	254,576	14,393,546
1925	263,854	14,150,271
1924	222,227	11,611,367
1923	228,003	12,405,995
1922	208,445	10,377,746
1921	127,389	9,122,612
1920	281,854	30,778,486

Sulphate Pulp

	Tons	$
1927	169,793	10,193,307
1926	165,433	10,443,538
1925	149,722	9,158,261
1924	140,183	8,331,931
1923	146,345	9,453,758
1922	148,335	9,166,818
1921	99,539	7,199,218
1920	133,146	12,805,460

Mechanical Pulp

	Tons	$
1927	260,831	7,764,464
1926	382,077	11,505,818
1925	360,205	10,573,273
1924	253,699	7,916,029
1923	341,108	11,599,323
1922	310,415	9,380,805

Kraft Paper

	Tons	$
1927	14,306	1,615,872
1926	18,522	2,259,663
1925	20,535	2,779,298
1924	21,586	3,222,520
1923	20,364	3,087,957
1922	18,277	2,740,049
1921	6,893	1,295,332
1920	17,727	3,448,516
1919	12,499	1,917,817
1918	13,098	1,767,567
1917	11,311	1,158,348

Newsprint

	Tons	$
1927	1,081,865	123,222,094
1926	1,731,986	114,089,595
1925	1,401,655	98,945,337
1924	1,219,384	90,990,717
1923	1,137,963	85,611,258
1922	959,514	68,362,817

Book Paper

	Cwts.	$
1927	99,870	690,680
1926	60,545	520,337
1925	47,765	434,693
1924	22,874	189,113
1923	49,318	345,956
1922	31,695	225,710
1921	34,167	444,628
1920	58,768	628,118

Bond and Writing Paper

	Cwts.	$
1927	15,357	124,787
1926	19,044	143,806
1925	12,371	102,039
1924	19,939	209,364
1923	23,222	240,535
1922	12,228	132,980
1921	23,698	411,083
1920	55,788	800,037

Paperboard

1927	$2,639,190	1924	$3,336,925
1926	3,090,215	1923	3,248,177
1925	3,170,869	1922	2,328,929

ABOVE and below in the depth of Canada's mines—at the height of her tallest structures—in factory, mill and home, Westinghouse serves the need of the Dominion, in electrical apparatus of every conceivable type.

Captains of industry, engineers of projects, great and small, buyers, sellers and users show a preference for products bearing the outstanding name in the electrical world.

Nothing is too large or too small to bear the guarantee of satisfaction which is universally synonymous with the name and trade mark Westinghouse.

Canadian Westinghouse Company, Limited
HAMILTON, ONTARIO

Branches and repair shops in all principal cities.

Westinghouse

FIRE LOSS IS GROWING LESS YEAR BY YEAR

Forest Loss in 1927 Was Lowest on Record

Forest fire losses in Canada during 1927 were the lowest in recorded annals. In all 3,766 fires were reported in Canada during the last calendar year and these burned over an area of 481,373 acres, the total damage and loss sustained being placed at $1,396,055. This low record is equal to about 20 per cent. of the loss suffered in 1926.

Although weather conditions had a large influence in the favorable fire season experienced in Canada last year, improved protective organization and the increased care taken by the general public in the handling of fire in the forests were undoubtedly most important factors. The heavy snowfall of the preceding winter followed by copious rainfall and cool weather through the spring months, practically did away with the usually dangerous period that occurs in the month of May. Thereafter the heavy growth of vegetation and frequent showers during the summer combined to produce a phenomenally favourable year in so for as fire hazard was concerned. In the northern parts of Alberta and Saskatchewan and the valley of the Mackenzie river the summer season was very dry and considerable areas were burned over, but with these exceptions Canada enjoyed comparative immunity from coast to coast.

The following table, which is subject to further slight revision, gives the figures for the year 1927 in detail and also by way of comparison the averages for the 5-year period, 1923-7:

	1927	Average for 5 years 1923-1927
Total number of fires	8,766	5,317
Total area burned (acres)	481,373	2,380,416
Merchantable Timber—		
Area burned (acres)	114,708	571,579
Timber burned (M.B.M.)	538,373	3,894,735
Estimated stumpage value	$ 831,492	$ 7,510,013
Young Growth—		
Area burned (acres)	137,124	701,471
Estimated value	$ 193,481	$ 2,287,314
Cut-over—		
Area burned (acres)	35,875	448,802
Estimated value	$ 36,449	$ 493,937
Non-forested—		
Area burned (acres)	184,171	658,564
Other property burned—value	$ 91,670	$ 815,977
Actual cost of fire-fighting	$ 242,963	$ 638,644
Total gross damage and loss	$1,396,055	$11,745,885

Note: The general high average is due to the exceptional losses in 1923 when the total losses were over $40,000,000. The average for the last four years, i.e., 1924 to 1927 inclusive, was $4,463,995.

Provincial Summary

Following is a summary by provinces:

Maritime Provinces. — In Nova Scotia 125 fires burned 128 acres of merchantable timber and 976 acres of young growth along with 1,537 acres of non-forested land, causing a total loss of $3,338. The total area burned over was 2,750 acres, of which less than 5 per cent. carried mature timber.

In New Brunswick 77 fires burned over 2,424 acres of which 20 per cent. carried mature timber and 30 per cent. young growth. The total loss of timber, old and young, reached a value of $1,847, and of other property, $5,686. The loss sustained in this province was only one-quarter of that in 1926 and the lowest on record.

Quebec and Ontario.—Although the Quebec statistics for the 1927 fire season were not fully compiled when this report was prepared, the Chief of the Forest Protection Service advised that conditions were most satisfactory and the losses smaller last year than ever before. This favorable summary was fully upheld by the reports of the six Forest Protective Associations which guard an area of 74,258 square miles. The Associations reported a total of 240 fires with almost negligible losses, 1927 being "a record year for low number of fires, small damage to limits, and low cost of fire-fighting."

In Ontario fewer fires occurred than in 1926 and the total area burned over, namely, 35,742 acres, was only 40 per cent. as great as the 1926 total and 20 per cent. of that for 1925. There were 924 fires in 1927.

The Prairie Provinces.—In Manitoba 110 fires occurred. Eighteen of these were in National Forests but covered only 197 acres out of the total of 26,225 acres burned over. Although the favorable fire conditions which prevailed throughout other parts of the Dominion were experienced in the southern parts of Saskatchewan and Alberta, a period of extreme hazard occurred in the north of these two provinces. This situation accounted for the relatively heavy fire losses reported from northern Saskatchewan. In this province 40 per cent. of the fires occurred in or near national forests, and these burned over 10,000 acres, confined largely to hay sloughs, causing only $8,000 damage. The other 60 per cent., which occurred mostly in the unsettled north country covered approximately 224,000 acres and occasioned a loss of $755,000 chiefly in pulpwood or cordwood material. In Alberta there were in all 231 fires, only five of which occurred in the extensive national forests where less than three acres was burned over. Eighty per cent. of all fires in Alberta were detected and put out before reaching a size of ten acres. The total area burned over was 36,998 acres, of which 6,433 acres carried mature timber and 3,902 acres, young growth.

British Columbia.—The year 1927 with its well distributed rainfall brought a welcome relief from the strain and heavy losses of several bad fire years in this province. There were, however, a number of dry electrical storms which caused, on provincial lands, 40 per cent. and on Dominion lands 50 per cent. of the number of fires which occurred. The total number of fires was 1,478; these burned over 105,956 acres of forest land, carrying 13,004 acres of merchantable timber and 20,193 acres of valuable young growth. The loss in buildings and other property amounted to $74,944. The losses in 1927 were almost exactly one-tenth of the corresponding losses in 1926.

Railway Loss Small

Although over ten per cent. of all the reported forest fires in Canada last year were of railway origin, they were responsible for less than one per cent. of the total area fire-swept and of the total loss. From Nova Scotia to Yukon 390 railway fires were reported. These burned over 4,181 acres, of which 412 carried mature timber and 906 acres, young growth. This fine record is largely due to the widespread co-operation between the various forest protective agencies and the railways to prevent fire loss.

In parts of Ontario and Quebec and the Prairie Provinces aeroplane patrols were again active and in some cases this feature of forest protective work was extended. The lessened fire hazard over the greater part of the Dominion provided an opportunity for the various services to carry out exceptionally heavy programs of work to improve fire detection and suppression facilities.

CANADA ALWAYS LEADER IN PAPER MANUFACTURING

(Continued from page 46)

Canadian Pulp and Paper Association, which now for thirteen years has brought all who have the good of the industry at heart together, to aid in the solving of mutual problems. The caliber and foresight of this association is shown by its recent decision to found a research laboratory in connection with McGill University. Technical problems relating to the various paper mill processes will be studied intensively. The results which this institution may be expected to achieve will be of the greatest value to the mill operators.

The first president of the Canadian Pulp and Paper Association, Carl Riordan, is the son of that Charles Riordan, who brought the sulphite process to Canada shortly after 1880. Beginning with Carl Riordan, the presidents of the association have been chosen from among the keenest minds in the industry, and therefore, the association has shown a growth commensurate with its tremendous possibilities for service.

The latest development in the Canadian Paper business is a movement to limit the production of paper to an amount commensurate with the probable supply of pulp wood in perpetuity. This, it is proposed, will be done by declining to permit the building of more mills than the timber resources of the country will support. This is a piece of constructive statesmanship which follows logically on the prohibition of the export of pulpwood cut as crown lands, and will preserve to Canada forever its most important manufacturing industry. Furthermore, by preventing the denuding of watersheds, it will also preserve for Canada its wealth of waterpower.

The consummation of such a movement as is outlined above would fittingly round out the century and a quarter of toil which has produced in Canada an industry which marches shoulder to shoulder with its companion industry in the United States. The Canadian papermakers have had valuable stores of natural advantages on which to start, but the development of the Canadian paper business is due to sound business sense, and whole hearted effort and co-operation on the part of all concerned. If the Canadian industry can develop effectual means of preventing the indiscriminate consumption of its forest resources, there will be for Canadian papermakers a perpetual future of flourishing timber limits, and unending crops of pulpwood for a ceaseless supply of paper to meet an ever increasing world demand.

A new booklet dealing with

TRUST AND LOAN SECURITIES

THE FINANCIAL POST SURVEY OF CORPORATE SECURITIES of necessity omitted the Trust and Loan field; but now appears this supplementary volume which tells the exact position of each Trust and Loan Company in Canada — a group of companies which have done exceedingly well for their shareholders and which seem likely to show still more enhancement in stock value.

In this book each company is thoroughly reviewed — comparative figures are given showing: — Liabilities, earnings records, capital, profits, dividend rate, etc.

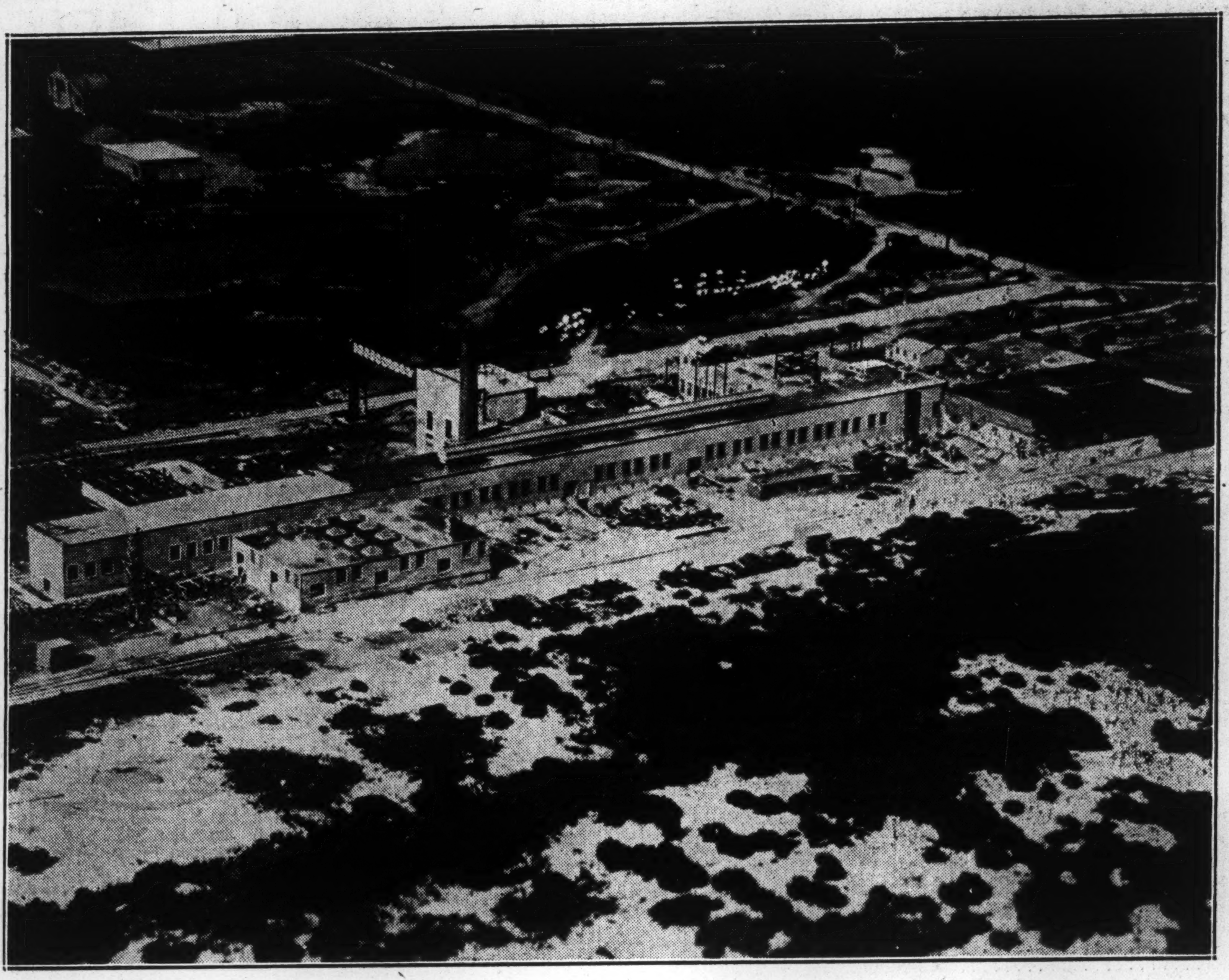
This little volume should be in the possession of every investor. Over 13,500 copies of The Corporate Security Book have been sold, exhausting the issue.

Order a Trust and Loan booklet now to make sure of your copy.

PRICE 25 CENTS IN ADVANCE

The Financial Post
153 UNIVERSITY AVENUE, TORONTO

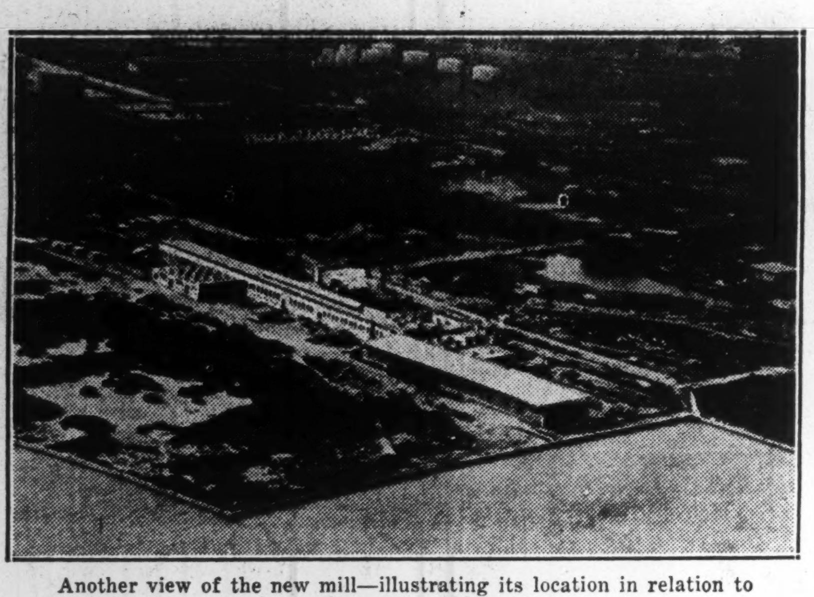
Send me..................copies of
THE TRUST & LOAN BOOKLET AT 25c. EACH.
I enclose ....
Name ....
Address ....
THIS PRICE FOR ORDERS PAID IN ADVANCE ONLY.



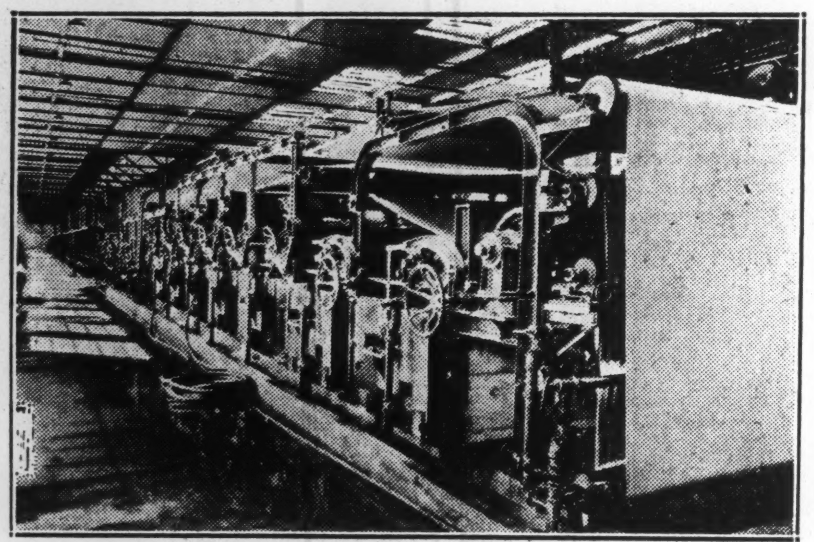
Aeroplane view of the Canadian Paperboard Company's new mill at Toronto, which is nearing completion. It is located at the foot of Carlaw Avenue on the Toronto Harbour Front.

THE PROGRESS OF PAPERBOARD

Increasing use of paperboard promotes Canadian Paperboard's expansion to better serve



Another view of the new mill—illustrating its location in relation to convenient water shipments.



Interior view of the mill showing the wet end of the paperboard machine.

IN addition to its mills at Frankford and Campbellford in Ontario and at Montreal in Quebec, the Canadian Paperboard Company has now built a thoroughly modern mill in Toronto.

This expansion is the result of a progressive program growing out of the increasing use of paperboard and the economic advantages of a mill located in Toronto to serve the concentrated markets in that area.

These advantages include not only an adjacent and ample supply of raw material but reduction in freight charges and more speedy delivery of the finished product.

The new plant is fully up-to-date and, situated on the Toronto Harbour Front, adds the advantage of water shipments to its other benefits from strategic location. Two railways sidings serve the property and freight is handled by both the Canadian Pacific and Canadian National Railways. Its paperboard machine, one of the largest in Canada, will increase the company's daily production by 150 tons.

Whilst already the largest producer of paperboard in Canada, this new mill will place the Canadian Paperboard Company in a predominant position to better serve its customers and to promote, and profit from, the steadily increasing use of its product.

Grades of Board Manufactured:

Chipboard, Newsboard, Vat Lined Board, Strawboard, Wood Pulp Board, Container Board, Specialties, White Patent Coated Board.

CANADIAN PAPERBOARD COMPANY LIMITED

Canada's Leading Producers of Paperboard

Mills at* TORONTO, FRANKFORD and CAMPBELLFORD *in Ontario
and at* MONTREAL *in Quebec
***Head Office:* 2 Seigneurs Street, MONTREAL**